

**SUSTAINABLE DEVELOPMENT  
OPPORTUNITIES IN MINING COMMUNITIES**

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**OVERSIGHT HEARING**

BEFORE THE

SUBCOMMITTEE ON ENERGY AND  
MINERAL RESOURCES

OF THE

COMMITTEE ON RESOURCES  
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

Thursday, July 28, 2005

**Serial No. 109-27**

Printed for the use of the Committee on Resources



Available via the World Wide Web: <http://www.gpoaccess.gov/congress/index.html>

or

Committee address: <http://resourcescommittee.house.gov>

U.S. GOVERNMENT PRINTING OFFICE

22-850 PDF

WASHINGTON : 2006

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## **OVERSIGHT HEARING ON THE “SUSTAINABLE DEVELOPMENT OPPORTUNITIES IN MINING COMMUNITIES”**

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**Thursday, July 28, 2005  
U.S. House of Representatives  
Subcommittee on Energy and Mineral Resources  
Committee on Resources  
Washington, D.C.**

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The Subcommittee met, pursuant to notice, at 10:04 a.m., in Room 1334 Longworth House Office Building, Hon. Jim Gibbons [Chairman of the Subcommittee] presiding.

Present: Representatives Gibbons, Pearce, and Grijalva.

### **STATEMENT OF THE HON. JIM GIBBONS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA**

Mr. GIBBONS. The Subcommittee on Energy and Mineral Resources will come to order.

The Committee meets today for an oversight hearing on sustainable development opportunities in mining communities, and this is Part II.

The first sustainable development opportunities in mining communities hearing was held last fall in Reno, Nevada. During that hearing we heard about the developing partnerships between mining companies and their host communities in Nevada, as well as the opportunities and obstacles for economic development as a means of sustainable development opportunities in mining communities.

During today's hearing we will hear about specific projects from community and company representatives, one in Nevada and one in Montana. Other witnesses will provide an overview of the mining industry's evolving sustainable development practices and how Federal land management policy could be improved to help break the boom-and-bust cycles common in the resource industry.

One question all mining communities face about their long-term fate is what happens when the mine closes. This question brings us to the need for a continuing dialogue on sustainable development in mining communities.

Sustainable development is a multifaceted process that strives to integrate economic and social considerations, as well as the more traditional environmental considerations, into resource management decisions. In mining communities, true sustainable

development must include an integrated approach to mine closure and is fundamental to ensure Western communities can maintain their quality of life. True sustainable development will provide for the creation of new jobs without compromising the integrity of the environment once a resource development project is concluded.

To understand what constitutes real sustainable development in mining communities, one must first understand the role of the mining industry during the settlement of the West. The mining industry was instrumental in providing the original economic incentive and rationale for settlement of the West. Many of the major urban areas and towns of the West are former mining communities. As we all know, the cities like Denver are no longer mining towns, but the infrastructure left by the mining industry made not only the initial survival of these cities possible, but their subsequent development.

Today, however, rural communities in the West that host mining operations do not have the opportunity to choose whether or not to use mining-related infrastructure as an economic jump-start because of Federal land management policies. Under current Federal policy, when a mine operating on Federal land reaches mine closure, they are required to remove all infrastructure as part of the reclamation process. This means that when the mine closes, not only do the jobs leave, but the infrastructure that can offer communities the opportunity to develop new industries leaves as well. Allowing infrastructure to remain in place to be utilized by the community for other types of economic activity can help mitigate the effects of mine closure in host communities that are affected by the mine closure process.

Current reclamation policy is not the only obstacle facing sustainable development in mining communities. Historically, the Secretary of the Interior has been charged with managing Federal lands for multiple use and sustained yield. The Federal Government seems to be more in the business of preservation of public land than management. As part of this hearing, I think it would be helpful to look at the philosophies of laws, such as the Federal Land Policy and Management Act, and how those philosophies are impacting sustainable development throughout the West.

[The prepared statement of Mr. Gibbons follows:]

**Statement of The Honorable Jim Gibbons, Chairman,  
Subcommittee on Energy and Mineral Resources**

The Committee meets today for an oversight hearing to receive testimony on "Sustainable Development Opportunities in Mining Communities".

At this hearing we will address the developing partnerships between mining companies and their host communities, as well as the opportunities for and obstacles hindering development as a means of sustainable development in mining communities.

One question all mining communities face about their long-term fate is—what happens when the mine closes?

This question brings us to the need for a continuing dialogue on sustainable development in mining communities.

Sustainable development is a multi-faceted process that strives to integrate economic and social considerations, as well as the more traditional environmental considerations into resource management decisions.

In mining communities true sustainable development must include an integrated approach to mine closure and is fundamental to ensure Western communities maintain their quality of life.

True sustainable development will provide for the creation of new jobs without compromising the integrity of the environment once a resource development project is concluded.

To understand what constitutes true sustainable development in mining communities, one must first understand the role of the mining industry during the settlement of the West.

The mining industry was instrumental in providing the original economic incentive and rationale for the settlement of the West.

Many of the major urban areas and towns of the West are former mining communities.

As we all know, cities like Denver are no longer mining towns, but the infrastructure left by the mining industry made not only the initial survival of these cities possible, but their subsequent development.

Today, however, the rural communities in the West that host mining operations do not have the opportunity to use mining related infrastructure as an economic jumpstart because of Federal land management policies.

Under current federal policy, when a mine operating on federal land reaches mine closure they are required to remove all infrastructure as part of the reclamation process.

This means that when the mine closes, not only do the jobs leave, but the infrastructure that can offer communities the opportunity to develop new industries leaves as well.

Allowing infrastructure to remain in place to be utilized by the community for other types of economic activity can help mitigate the effects of mine closure in host communities affected by the mine-closure process.

Current reclamation policy is not the only obstacle facing sustainable development in mining communities.

Historically, the Secretary of the Interior has been charged with managing federal lands for multiple-use and sustained yield.

However, the federal government seems to be more in the business of preservation of public lands than management.

As part of this hearing, I think it would be helpful to look at the philosophies of laws such as FLPMA, and how those philosophies are impacting sustainable development throughout the West.

I would like to thank our witnesses for being here today to discuss what we can do to keep high paying, family wage jobs in our mining communities during and after mine closure.

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Mr. GIBBONS. I want to thank all our witnesses for being here today to discuss what we can do to keep high-paying, family wage jobs in our mining communities during and after mine closure.

With that, I will turn now to my friend and colleague Raúl Grijalva for his opening statement. Mr. Grijalva?

**STATEMENT OF THE HON. RAÚL GRIJALVA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARIZONA**

Mr. GRIJALVA. Thank you so much, Mr. Chairman. Very kind.

Mr. Chairman, I am also pleased to join you in welcoming our panel of witnesses today to discuss sustainable development as it relates to mining. I am also pleased that a growing number of mining industry leaders are recognizing that sustainable development is indeed a good idea. As noted in the report entitled, "Our Common Future," published by the World Commission on Environment and Development in 1987, it stated: Humanity has the ability to make development sustainable, to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.

All over the West, we see the unfortunate results of mining operations that have not taken into account this very basic principle of sustainable development in their rush for the gold ore, in my State, for the copper. The Environmental Protection Agency estimates

that mine waste contaminates 40 percent of Western headwaters and that cleaning up half a million abandoned mines in 32 States may cost \$35 billion or more.

According to Government estimates, the State of Arizona is home to approximately 100,000 inactive or abandoned mining sites, an estimated 3,000 of which pose an environmental risk. The Arizona Department of Environmental Quality has stated: The legacy pollutants that remain from active and former mines are some of the major pollution sources for Arizona's water bodies.

Additionally, communities are understandably becoming more concerned about the effects of having a mine in their neighborhood. For example, Arizonans who live near Ray Copper Mine in Pinal County in southern Arizona, about 65 miles east of Phoenix, are concerned about the high rate of lung cancer in their community. This mine was owned by ASARCO, who began mining at the Ray mine in 1948. Grupo Mexico, Mexico's largest mining company and the third-largest copper producer in the world, purchased ASARCO in November 1999. The mine complex includes the nearby Hayden smelter, which is the largest single source of toxic pollution in Arizona. According to EPA, the occurrence of lung cancer among Hayden residents is roughly 50 percent higher than the residents of the urban areas of Tucson and Phoenix.

So to see the representatives such as the witnesses today deal with this problem—that, quite frankly, the industry has created over the past century—and also recognize the need to work more cooperatively with local communities as we go forward in this century, is a positive step toward meeting the needs of the present without compromising the abilities of the future, our future generations, to meet their own needs. I would say this is very good progress.

I look forward to the witnesses' testimony. Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Grijalva follows:]

**Statement of The Honorable Raúl M. Grijalva, Ranking Democrat,  
Subcommittee on Energy and Mineral Resources**

Mr. Chairman, I am pleased to join you in welcoming our panel of witnesses today to discuss sustainable development as it relates to mining.

I am also pleased that a growing number of mining industry leaders are recognizing that "sustainable development" is a good idea. As noted in the report entitled, "Our Common Future", published by the World Commission on Environment and Development in 1987, "Humanity has the ability to make development sustainable—to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs."

All over the West we see the unfortunate results of mining operations that did not take the principles of sustainable development into account in their rush for gold—or, in my State—for copper. The Environmental Protection Agency estimates that mine wastes contaminate 40 percent of western headwaters, and that cleaning up a half million abandoned mines in 32 states may cost \$35 billion or more. According to government estimates, the State of Arizona is home to approximately 100,000 inactive or abandoned mining sites, an estimated 3,000 of which pose an environmental risk. The Arizona Department of Environmental Quality has stated, "the legacy pollutants that remain from...active and former mines are some of the major pollution sources for Arizona's waterbodies."

Additionally, communities are understandably becoming more concerned about the effects of having a mine in their neighborhood. For example, Arizonans who live near the Ray Copper Mine, in Pinal County in southern Arizona, about 65 miles east of Phoenix are concerned about the high rate of lung cancer in their community. This mine was owned by ASARCO, who began mining copper at the Ray Mine



in 1948. Grupo Mexico, Mexico's largest mining company and the third largest copper producer in the world, purchased ASARCO in November of 1999.

The mine complex includes the nearby Hayden smelter, which is the largest single source of toxic pollution in Arizona. According to the EPA, the occurrence of lung cancer among Hayden residents is roughly 50 percent higher than for residents of the Tucson and Phoenix areas.

So, to see representatives, such as our witnesses today, own up to the problems their industry has created over the past centuries and also recognize the need to work more cooperatively with local communities as we go forward in this century is a positive step toward meeting the needs of the present without compromising the ability of future generations to meet their own needs.

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Mr. GIBBONS. Thank you very much.

What we will do now is introduce our first panel. It begins with Mr. Jim Jeffress, retired wildlife biologist and private consultant, from Lovelock, Nevada. Mr. James Arnold, Vice President for Technical Services and Projects, Coeur d'Alene Mines Corporation. Mr. Tom Harrington, Assistant Manager, Jefferson Local Development Corporation. Mr. Courtland Lee, a geologist, Glenn Dale, Maryland. And Ms. Ann Carpenter, Mineral Development Consultant, Women's Mining Coalition, and past president/advisor of that organization.

Ms. Carpenter and gentlemen, if you will all rise, raise your right hand, we have an oath.

[Witnesses sworn.]

Mr. GIBBONS. Let the record reflect that our witnesses all answered in the affirmative.

We will begin now—your right—to the left, with Mr. Jeffress. Welcome. The floor is yours. We look forward to your testimony. We do have a little stop-and-go light here in front, a 5-minute timer on that. We would ask that you try to keep within the 5 minutes. We are not going to be very harsh on you if you go over a little bit, but once you get beyond taking up time for everybody else, then we will ask you to summarize.

But Mr. Jeffress, welcome. We look forward to your testimony. The floor is yours.

#### **STATEMENT OF JIM JEFFRESS, RETIRED WILDLIFE BIOLOGIST/PRIVATE CONSULTANT**

Mr. JEFFRESS. Good morning, Mr. Chairman, Congressman Grijalva. My name is Jim Jeffress. I'm a resident of Pershing County, have lived in northern Nevada my entire life, and have worked as a certified wildlife biologist for over 30 years. I retired from the Department of Wildlife in 2003 and am currently working as a private consultant. I serve on the Pershing County Checkersboard Lands Committee in the State of Nevada Wildlife Commission.

For many northern Nevada communities which rely upon the mining industry for jobs, employment is up and the future looks bright. But this is not the case for the City of Lovelock in Pershing County. Many wage earners in Lovelock work at the Rochester mine or have jobs directly related to it. But that mine will close within two or three years and there are no mining or other project developments that will be able to replace those jobs in the immediate future. The mine has been a mainstay of the county close to 20 years.

The closure of Rochester mine is one of the greatest challenges facing our community, and people are concerned about how to deal with the dramatic loss of jobs, taxes, and other economic benefits. Some people certainly will relocate to other jobs in Nevada or throughout the West, but how Lovelock will survive as a community—and its future economic development is important to me and others who plan to remain there.

The most important fact to know about northern Nevada is that it is overwhelmingly owned by the Federal Government. Exactly 91.6 percent of Pershing County is federally owned. Most of that is managed by the BLM. Pershing County is a large county as counties go, 6,000 square miles, with large distances between developed locations. Mr. Chairman, that is 1,000 square miles larger than the State of Connecticut. The county is sparsely populated. There are 6,400 residents, and approximately half of those live in the City of Lovelock.

My point is that with this much land under the control of the Federal Government, there is little chance that Pershing County can attract economic development, sustainable or otherwise, without the active cooperation of the Federal Government.

A second extremely important fact, that we have very little infrastructure to offer in the pursuit of economic development opportunities. The Federal lands that dominate the county have roads to the extent that they were built to service mines, ranching, or other approved activities within the county. Most of Pershing County is roadless, has no access to cell signals or other telecommunications, water, or power.

A story of my experience as a consultant illustrates very well how these two facts work together to control what can or cannot be done in rural Nevada. A few years ago, a businessman from Texas contacted me to explore the possibilities of installing windmills in Pershing County to generate power. The man asked me to help identify roads to particular sites he was interested in for a wind farm. I explained there were no roads, that road construction would be necessary, and that construction is controlled by the BLM. Construction of roads would be expensive, time consuming, and under the best of circumstances it would more than likely take a year or more to clear the NEPA process. Eventually, the lack of infrastructure, the potential scoping process with various other user groups, and the Federal control of the approval process discouraged this investor.

Mr. Chairman, I do not offer this story as criticism of the BLM. To my knowledge, the man never contacted that Agency, never followed up. In his mind, the hurdles were too formidable. To me, this story simply illustrates that in Pershing County and places like it, we must have the cooperation and support of the Federal Government in order to build those local economies.

The other lesson of this story is that infrastructure, where it exists, is extremely valuable. Where they can be used, these resources can constitute sustainable development in a very real sense. For Pershing County, the roads, powerlines, buildings, and other facilities at the Rochester mine have immense value if they can be used for something besides mining.

I need to be clear that I am not an expert on the Coeur proposals to haul aggregate or rock from that site. I have some familiarity with it, but it is not my place to say whether it would be a successful venture or not. What I can say is that the Government and Pershing County should look carefully at any and all economic development proposals that can take advantage of the roads, powerlines, and other facilities built to support that mine operation. If there is any way to use these valuable assets to create jobs and keep workers in Pershing County and comply with Federal and State regulations regarding environmental concerns, we should support it.

Mr. Chairman, thanks to the rich mineral resources in the State of Nevada, the mining industry is the biggest source of economic stability in rural Nevada, providing jobs, benefits, infrastructure, and tax revenues to communities that otherwise would not thrive. Unfortunately, all mining operations are finite in their life span, and in Pershing County that truism is fast becoming a reality. For the citizens of our county it is particularly important for the Federal Government to figure out just what sustainable development means within the mining industry and what needs to be done to provide it.

Mr. Chairman, I appreciate the opportunity to testify before you today, and that concludes my statement.

[The prepared statement of Mr. Jeffress follows:]

**Statement of James Jeffress, Resident of Lovelock, Nevada,  
Pershing County, Nevada**

I appreciate the opportunity to present testimony for the Committee's record on sustainable development opportunities in mining communities. I am now a private resident of Pershing County, and have lived in northern Nevada my whole life. I am a 1972 graduate of the University of Nevada Reno with a BS in Wildlife Management. I have worked as a certified wildlife biologist for over thirty years, including as the Washoe County Wildlife Biologist and the Humboldt County Wildlife Biologist, and have been involved in over fifty collaborative planning processes dealing with public land or wildlife related issues (i.e. Coordinated Resource Management Plans, the Modoc-Washoe Stewardship Planning Process, numerous Technical Review Team processes, allotment processes, statewide Sage-Grouse conservation planning effort, etc.). Before retiring from the Nevada Department of Wildlife in 2003,<sup>1</sup> I received the Department's 2002 Employee of the Year award.

I am currently self-employed as a private consultant, working for a variety of private and public interests including the United States Bureau of Land Management District Office in Winnemucca, where I am assisting the Bureau in drafting the narrative portions of the Sage-Grouse Conservation Plans for Humboldt County. I am a past member of the Board of Directors for Nevada Bighorn Unlimited, and have worked extensively on re-introducing California Bighorn Sheep back into Nevada. I was one of the originating founders of the Nevada Chukar Foundation, which has placed wildlife guzzlers (water developments) throughout Northern Nevada and provided other programs to improve habitat for Nevada's Chukar Partridge and a myriad of other wildlife species. I currently serve on the Pershing County Checkerboard Lands Committee<sup>2</sup> and as a Commissioner of the Nevada Wildlife Commission. I

<sup>1</sup> From 1993-2003, the Department was known as the Nevada Division of Wildlife, a division of the Nevada Department of Conservation and Natural Resources. The Nevada Legislature created the Department of Wildlife in 2003, elevating it to a Cabinet-level agency (Assembly Bill 41).

<sup>2</sup> The Committee was created by the Pershing County Board of County Commissioners to coordinate discussions about federal land use issues in the County and potential federal legislation addressing future land use. In the 19th Century, the federal government granted to railroad companies every other section of land along the right-of-way for the transcontinental railroad to create incentives for construction and settlement. The resulting "checkerboard" creates difficult management issues for the BLM and impairs the ability of private landowners to use and

Continued

live with my wife Paige, and our two children Kelli and Matt, in Lovelock, NV about 90 miles northeast of Reno, NV.

I have spent most of my career in Northern Nevada, where hard rock mining on federal lands is a crucial part of the economy. Most of the good-paying jobs in Lovelock and Winnemucca, my current and previous cities of residence, are mining jobs or are directly related to the mining industry. The 1980's and early 1990's were a great time for rural Nevada, when strong gold and silver prices brought large mining operations, good jobs, and prosperity to little Nevada towns that had not enjoyed these advantages in a long time. The mid-1990's brought some cutbacks in the industry as prices dropped. In Winnemucca and towns like it, times were tough for many families as companies reduced their employment or shuttered mines. People held on and hoped for a better future, which has now arrived again with higher gold and silver prices.

For many Nevada communities, employment is up and the future looks bright, but this is not the case for the City of Lovelock and Pershing County. Many wage earners in Lovelock work at the Rochester mine, or have jobs directly related to it, but that mine will close within two or three years, and there are no mining or other projects in development that will be able to replace those jobs. The mine has been a mainstay in the County for twenty years, even during the low metals prices of the 1990's, but its resources are mined out. A lot of people in Lovelock do not remember what things were like before the Rochester mine opened; the economic dislocation caused by its closure will be traumatic.

The closure of the Rochester mine is one of the greatest challenges facing our community, and people are concerned about how to deal with the dramatic loss of jobs, taxes, and other economic benefits. Some people certainly will relocate to other mining jobs in other parts of Nevada or the west (or elsewhere in the world) and will do just fine. How Lovelock will survive as a community and its future economic development is important to me and to others who plan to remain there.

In a larger sense, how Pershing County reacts to the closure of the Rochester mine may help other mining communities learn how to survive the closure of the mines that help sustain their economies. In our earlier history, these kinds of events created the ghost towns of the western United States, but times are different and our policies for dealing with this kind of change have also changed for the better. One of those policies is the concept of "sustainable development," which is what the Committee is looking into in this hearing.

I am not an expert on sustainable development, but I believe I have several ideas of value to contribute to this Subcommittee. I live in a mining community, and have done so for most of my adult life. My career as a wildlife biologist (and currently as a consultant on wildlife management issues) makes me very familiar with federal lands management in rural Nevada. Finally, my involvement in the various civic affairs of Pershing County and rural Nevada generally makes sustainable economic development a topic of utmost importance for me.

The most important fact to know about Northern Nevada is that it is overwhelmingly owned by the federal government. Exactly 91.6 percent of the land in Pershing County is federally owned, and most of it is managed by the Bureau of Land Management. Pershing County is large as counties go—about 6,037 square miles or 3,803,680 acres—with long distances between developed location. Mr. Chairman, that is 1000 square miles larger than the State of Connecticut. There is only one city of any size—Lovelock—which is surrounded by federal land. The county is sparsely populated; there are about 6,400 residents, with approximately half living in Lovelock. My point is that with this much land under the control of the federal government, there is little chance that Pershing County can attract economic development (sustainable or otherwise) without the active cooperation of the federal government.

A second, extremely important fact is that we have very little infrastructure to offer in the pursuit of economic development opportunities. The federal lands that dominate the county have roads only to the extent they were built to service mines, ranching, or other permitted activities on those lands. Most of Pershing County is roadless, has no access to cell signals or other telecommunications and no water or power.

A story from my experience as a consultant illustrates very well how these two facts work together to control what can and cannot be done in rural Nevada. A few years ago, a businessman from Texas contacted me to explore the possibility of installing windmills in Pershing County to generate power. Nevada, including Pershing County, has significant wind generation resources. The man asked me to help

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develop their lands. One of the major goals of the Pershing County Checkerboard Lands Committee is to address and resolve the problems created by the checkerboard in the County.

identify access roads to particular sites he was interested in for the windfarm. I explained that there were no roads, that road construction would be necessary, and that construction would be controlled by the Bureau of Land Management. Construction of roads would be expensive and time-consuming, and under the best circumstances would take a year or more to approve because of the necessity to comply with the National Environmental Policy Act. Eventually, the lack of infrastructure, the potential scoping process with various other groups, and the federal control of the approval process discouraged this investor.

Mr. Chairman, I do not offer this story as criticism of the BLM; to my knowledge, this man never contacted the BLM or started any process to obtain approvals necessary to build a wind farm. In his mind, the hurdles were too formidable. To me, this story simply illustrates that in Pershing County and places like it, we must have the cooperation and support of the federal government in order to build our economies.

The other lesson of this story is that infrastructure, where it exists, is extremely valuable. Where they can be used, these resources constitute "sustainable development" in a very real sense. For Pershing County, the roads, power lines, buildings and other facilities at the Rochester mine have immense value if they can be used for something besides mining. I need to be clear that I am not expert on Coeur's proposal to haul aggregate and rock from the site. I have some familiarity with it, but it is not my place to say whether or not it would be successful. What I can say is that the federal government and Pershing County should look carefully at any economic development proposal that can take advantage of the roads, power lines, and other facilities Coeur built to support its mining operation. If there is any way to use these valuable assets to create jobs and keep workers in Pershing County, and comply with federal and state regulations regarding environmental concerns, we should support it. Opportunities should be assessed as a viable resource and not discounted merely because of current regulations. The site-specific nature of each situation should be examined as compared to "no remaining opportunities" for sustained economic development.

Mr. Chairman, thanks to the rich mineral resources in the State of Nevada, the mining industry is the biggest source of economic stability in rural Nevada, providing jobs, benefits, infrastructure, and tax revenues to communities that otherwise would not thrive. Unfortunately, all mining operations are finite in their life spans, and in Pershing County, that truism is about to become a reality. For the citizens of our County, it is particularly important for the federal government to figure out just what "sustainable development" means in the mining industry, and what needs to be done to promote it.

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Mr. GIBBONS. Thank you very much, Mr. Jeffress. I appreciate your testimony and your being here today.

We turn now to Mr. Jim Arnold, professional engineer, Coeur d'Alene Mines Corporation. Mr. Arnold, welcome. The floor is yours. We look forward to your testimony.

**STATEMENT OF JAMES R. ARNOLD, VICE PRESIDENT FOR  
TECHNICAL SERVICES AND PROJECTS, COEUR D'ALENE  
MINES CORPORATION**

Mr. ARNOLD. Good morning, Mr. Chairman. I appreciate the opportunity to testify before you and the Subcommittee on the importance of sustainable development to the mining industry and to the rural communities that support our industry. My written testimony has been submitted and I would like to quickly summarize the key points here.

I've worked for the mining industry for over 30 years and currently serve as a vice president of technical services for Coeur d'Alene Mines Corporation. Coeur is the world's largest primary silver producer, with American operations in Alaska, Idaho, and Nevada. As a person with long experience in the hardrock mining industry, I see both challenges and opportunities in contributing to

sustainable development of the communities we leave behind when our mines close.

The most important challenge facing the mining industry and the Federal Government is to identify productive post-mining land uses which must be compatible with Federal and State closure and reclamation requirements. These sites are often remote and, in their natural state, are not always amenable to recreation or other general public access. As challenging as these obstacles seem, there are also significant opportunities to reuse closed mine sites. Such sites are served by excellent roads across Federal lands, usually constructed by the mining companies at great expense. Similarly, mines typically have invested significantly in running power lines to their facilities and have extensive buildings and infrastructure that could be employed in a post-mining land use.

Fortunately, we have great opportunity at Rochester mine in Pershing County to demonstrate sustainable development through an innovative post-mining land use proposal. The Rochester mine is nearing the end of its life. Currently the mine employs about 250 people with an average salary of \$55,000 a year. Another 375 jobs in the State of Nevada are directly dependent on this mine. The mine is the largest private employer in Pershing County, and in almost 20 years of operation has paid \$30 million in Federal, State, and local taxes.

Coeur has tested the rock extracted from the Rochester mine and found that it is an ideal source of aggregate, small and large rocks, and boulders. These materials are in high demand in California, where they must be blasted or mined from increasingly scarce, hard-to-locate, and hard-to-permit quarries. By contrast, the material has already been blasted at the Rochester mine and is useless waste material if left there. Coeur's project is an excellent opportunity to place this waste material to a sound and valuable beneficial use. Let me make clear that this material is rock, not leached ore. Coeur has conducted extensive testing to the rock and there is no concern about creating environmental hazards or moving environmental issues from Rochester to other sites.

Everything we know so far suggests that this could be a very successful business with the potential to create long-term employment opportunities for Pershing County. Unfortunately, this operation will not replace all 250 mining jobs that will be lost when the mining operation closes; however, it will replace a good portion of them at the start, and the operation has the potential to grow into something much larger. The infrastructure and the site's proximity to I-80 create other possibilities as well, including a potential wind farm, wild plant seed harvesting, grazing, and many other opportunities.

Some people may ask why not just reclaim and close the mine pursuant to Federal and State law and leave it alone? The most important reason is that we are committed to our employees and the future of this community. Second, Coeur is sincerely interested in showing how sustainable development can work. Finally, Coeur will be involved with the site well into the future as it fulfills its legal and ethical responsibilities to close and reclaim the site. Why not use a great opportunity to keep the resources of the site working for the people of Pershing County?

An important part of Coeur's proposal is to acquire approximately 7,000 acres of land at the mine proximate to the mining claims within the so-called Checkerboard. These Federal lands are isolated, difficult and expensive for the BLM to manage, and the BLM has already marked them for consolidation and disposal. We have had discussions with the BLM representatives in Nevada, who have expressed support for this land consolidation.

Mr. Chairman, I know that the future economic health of rural Nevada communities is important to you and to this Subcommittee, and we are grateful for your efforts to help Coeur-Rochester make a model of sustainable development.

Thank you.

[The prepared statement of Mr. Arnold follows:]

**Statement of Jim Arnold, Vice President of Technical Services,  
Coeur d'Alene Mines Corporation**

I appreciate the opportunity to testify before the Subcommittee on the importance of sustainable development to the mining industry and the rural communities that support our industry. I would also like to thank the Subcommittee members for all the work that you have done to highlight this important issue, including the field hearing you held on this subject last year in Reno, Nevada.

My entire career has been in the mining industry. I have worked in the industry for over 30 years, and my background is primarily in operations and engineering. I have served as General Manager for several mines and development projects throughout the United States while working for a variety of mining companies, including Gold Fields Mining Corporation, Santa Fe Pacific Gold Corporation, and Kinross. Before joining Coeur d'Alene Mines Corporation, I served as Principal, President and CEO of Knight Piesold & Co. in Denver, CO. I am a former Chairman and Board Member of the Nevada Mining Association ("NvMA"), and served as Chairman of NvMA's Environmental and Wildlife Subcommittees, during the time when the State of Nevada developed and amended many of its environmental and wildlife protection regulations specific to mining. I am a member of the Society for Mining, Metallurgy, and Exploration ("SME"), and will serve as the Society's president in 2007. In 2000, I was honored as SME's Mill Man of Distinction and was the recipient of the Society's Ivan Rahn Award for my contributions to education and professional development. I have authored over twenty-five technical publications. I hold a BS in Metallurgical Engineering from the University of Idaho and an MS in Engineering Management from the University of Missouri-Rolla.

I currently serve as Vice President of Technical Services for Coeur d'Alene Mines. Coeur is the world's largest primary silver producer. We are an American mining company with properties in Alaska, Idaho, and Nevada. Coeur also operates in Australia, and has a new generation of low-cost silver operations expanding or coming into production in Chile, Bolivia, and Argentina.

Policymakers have been using the term "sustainable development" at least since the United Nations' Earth Summit in 1992. At that meeting, and at numerous international gatherings since, the concept has been endlessly discussed, and volumes have been written on the subject. The United Nations defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." At its base, this is a doctrine of measured growth that should take into account all of the downstream consequences on community and the environment of a development.

Implementing the concept of "sustainable development" in the mining industry presents unique challenges. It is an inescapable fact that minerals are scarce and they are a nonrenewable resource. Even an exceptionally large ore body will be exhausted at some point, and the community that grows up around and depends on it for resources and jobs will have to seek them elsewhere. Thus, sustainable development in mining has to contend from the beginning with the finite nature of the resource and has to look beyond the economic life of any particular project. Along with a commitment to ensure an environmentally stable and clean site once a mining operation is closed, sustainable development in mining has to take into account local communities and their long-term economic and social welfare.

As the Chairman knows, many rural communities in the Western United States are islands surrounded by federal lands. Local governments have little control over how these lands are used and developed. This reality creates an additional challenge

for communities hoping for stable post-mining economic development. The preponderance of federal lands means that local governments have little ability or opportunity to attract new business or to arrange for roads, power and the other infrastructure these businesses would need.

As a person with long experience in the hardrock mining industry, I see both challenges and opportunities in contributing to the sustainable development of the communities we leave behind when our mines close. The most important challenge facing the mining industry and the federal government is to identify productive post-mining land uses for closed mines. Productive reuse can be difficult because the land has been devoted to mining, which leaves permanent structures such as mine pits, waste rock piles, heap leach pads, or tailings ponds that must be worked around, even after reclamation. Federal and state laws require extensive and expensive closure and reclamation of these facilities for environmental and safety reasons, and any post-mining land use has to be compatible with maintaining these requirements. These sites are often remote. And, in their natural state, they are not always safe for recreation or other general public access.

As challenging as these obstacles seem, there are also significant opportunities to reuse closed mine sites. Because access is so important, these sites are served by excellent roads across federal lands, usually constructed by mining companies at great expense to carry traffic to, from, and around the mine sites. Similarly, mines typically have invested significantly in running power lines to their facilities. The sites have extensive office, laboratory, mechanical, and industrial buildings that could be employed in a post-mining use. Without a post-mining use, these expensive and valuable facilities will be demolished and reclaimed and will serve no further useful purpose. With the right planning and forethought, they could be placed in the service of post-mining land uses that will sustain jobs and economic development for communities long after mine closure.

Mr. Chairman, I recognize that the reuse of closed mines is not going to work in every case in the cause of sustainable development. In some cases, the mine site, once closed and properly reclaimed, is best secured and left alone. This is a decision that must be made on a case-by-case basis, looking at development opportunities, environmental impacts, and other conditions. Because mines always close, mining companies must be prepared to think of sustainable development not only as post-mining land use but as long-term community economic development that has little or nothing to do with the mine site or mining. In my opinion, these are the hardest questions to resolve about sustainable development.

Fortunately, we have a great opportunity at our Rochester Mine in Nevada to demonstrate sustainable development through an innovative post-mining land use. We appreciate the Chairman's interest in this project, and believe it could help illustrate valuable sustainable development concepts as they can be applied practically in the mining industry.

The Coeur Rochester Mine in Pershing County, Nevada is nearing the end of its life. The mine has operated successfully for almost twenty years, and has been the source of jobs and other economic benefits to the County and the Cities of Lovelock, Fallon, and Winnemucca, Nevada, for a long time. Currently, the mine employs about 250 people, with an average wage of \$55,000 annually, and another 375 jobs in the State are directly dependent on the mine. The Mine is the largest private employer in Pershing County. In its almost twenty years of operation, federal, state, and local governments have received \$30,000,000 in tax revenues from the mine.

Through exploration and discovery of nearby silver and gold reserves, Coeur has extended the predicted mine life several times, but we believe at this point that the mine's reserves are mostly exhausted, and Coeur is preparing for closure. The BLM is currently conducting an environmental impact statement on the closure/reclamation.

Rochester's employees are among the most prominent members of the communities of Lovelock, Fallon, and Winnemucca; they have a combined total of over 320 years of service to their communities, including volunteering as members of the local fire department and ambulance crews, serving as elected public officials, and coaching little league teams in the area. For the first time in almost a generation, the people of Pershing County face devastating economic impacts that will come with Coeur's exit from the business life of the community.

These facts illustrate acutely how much Pershing County stands to benefit from innovative thinking about sustainable development, and conversely, how the County will suffer if we do not find a way to keep using the resources of Rochester to create jobs and economic opportunity. Coeur is grateful to the County and its people for their role in the mine's success, and is anxious to give back to them in a way that will provide opportunities for Pershing County's future.



If successful, Coeur's sustainable development proposal will replace a significant portion of the mining jobs that will be lost, and has the potential to provide the County with a source of long term economic development. Coeur has tested the rock extracted from the Rochester mine during its operation and has found that it is an ideal source of aggregate, small and large rocks, and boulders. Aggregate is used as roadbed material, in concrete construction projects, as fill, in rip-rapping, and for other purposes. Armor stone and boulders are used in rip-rapping and other channel armoring projects. These materials are in high demand in California, where they must be blasted and/or mined from increasingly scarce, hard-to-locate, and hard-to-permit quarries. By contrast, the material has already been blasted at the Rochester mine as a part of the mining operation, and is useless waste material if left there. Coeur's project is an excellent opportunity to place this waste material to a sound and valuable beneficial use.

Let me make clear that the material we propose to ship to California (and possibly other markets) is rock. It has not been leached or treated with chemicals, and does not have acid-generating potential, so there is no concern about creating environmental hazards or moving environmental issues from Rochester to other sites. Coeur has conducted extensive testing of the materials, both as part of its mining operations and in development of the current proposal.

Everything we know so far suggests that this could be a very successful business, with the potential to create long-term employment opportunities for Pershing County. There is enough waste rock stockpiled at the site to supplement current and projected future demand from California for some rock sizes as much as 100 years (or more). Unfortunately, this operation will not replace all 250 mining jobs that will be lost when the mining operation closes. However, it will replace a good portion of them at the start, and the operation has the potential to grow into something much larger, with more jobs and benefits for Pershing County residents.

One potential for future development would be to accept non-hazardous solid waste—either municipal, industrial, or construction debris—from Reno, Sparks, northern California or other places. The waste could be hauled in rail cars returning from carrying loads of aggregate or boulders. This arrangement—where it is feasible—would cut the cost of transportation in half. Some aspects of the Rochester site make it promising for solid waste management. Solid waste from mining already will be managed there. Coeur has studied the site extensively to prepare and conduct mining operations and therefore already knows a good deal about ground water, surface drainage, indigenous wildlife, historic sites, and other issues that would be important in citing a landfill operation. However, it is important to emphasize here that solid waste management is a potential future development, not one that Coeur is proposing currently. Before Coeur could accept solid waste at the site, it would have to obtain appropriate federal, state, and local permits.

The electric, water, transportation, and other infrastructure at the site create other possibilities. Conditions may be favorable for a wind farm or other renewable energy technology. The site's proximity to Interstate 80 may provide other opportunities. Coeur continues to investigate ways to maximize use of the reclaimed mine site.

Some people may ask why Coeur would be interested in undertaking a project like this. Why not just reclaim and close the mine pursuant to federal and state law, and leave it alone? The most important reason for our interest is that we are committed to our employees and to this community. There is an opportunity here to contribute to the future of Pershing County. Second, Coeur is sincerely interested in showing how sustainable development can work, but like other mining companies, struggles for ways to realize its potential. As I have already said, it is not easy to identify and pursue post-mining land uses, but this site presents a great opportunity to do just that.

Finally, from a practical perspective, Coeur will be closing and reclaiming the Rochester site for years to come. To comply with numerous federal and state legal requirements, Coeur will demolish buildings, reclaim roads, regrade, revegetate and reclaim waste rock sites, rinse and revegetate leach pads, and so on. These activities will cost Coeur millions of dollars, and long term monitoring and care will last for decades. With the completion of reclamation, the chance to use roads and other infrastructure at the site will be diminished.

Coeur's proposal to transport aggregate, rocks and boulders from the Rochester site would take advantage of this expensive infrastructure and would use some of the materials and structures that otherwise would have to be reclaimed. Accordingly, certain of the reclamation and closure activities and costs could become unnecessary, although Coeur does not anticipate substantial savings on closure and reclamation. Most importantly, Coeur will be involved with the site well into the future as it fulfills its legal and ethical responsibilities to close and reclaim the site.

Why not use a great opportunity to keep the resources of the site working for the people of Pershing County?

Finally, an important part of Coeur's proposal is to acquire approximately 7,000 acres of land at the mine proximate to mining claims. Coeur Rochester is responsible for the mining activities that have taken place there and for closure and reclamation, so the acquisition makes sense from that perspective.

Further, the land lies within the so-called "Checkerboard," the swath of federal land extending across Northern Nevada which is interspersed with private lands creating a "checkerboard" pattern. The land position was created when the federal government granted lands along the pathway of the transcontinental railroad in the 19th Century. The remaining federal lands are isolated, and difficult and expensive to manage, and so the BLM has marked them in its applicable land use plans for consolidation or disposal. We have already had discussions with BLM representatives in Nevada, who have expressed preliminary support for the land consolidation.

Finally, the disposal of the lands would generate badly needed revenues. Because of the size of the land disposal, federal legislation is necessary to accomplish it, and the disposition of sale proceeds would be up to Congress. We propose that at least some portion of the proceeds be provided to Pershing County to assist in its economic development efforts.

Mr. Chairman, I appreciate very much the opportunity to present my ideas about sustainable development to the Subcommittee and to speak on behalf of Coeur. I know that the future economic health of rural Nevada communities is important to you and to this Subcommittee, and we are grateful for your efforts to help Coeur make Rochester a model of sustainable development.

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Mr. GIBBONS. Thank you very much, Mr. Arnold. We appreciate, as always, your presence here today and your testimony.

We will turn now to Mr. Tom Harrington, Assistant Manager for the Jefferson Local Development Corporation. Mr. Harrington, welcome to the Committee. If this is your first time, we are happy to have you. The floor is yours. We look forward to your testimony.

**STATEMENT OF TOM HARRINGTON, ASSISTANT MANAGER,  
JEFFERSON LOCAL DEVELOPMENT CORPORATION**

Mr. HARRINGTON. Thank you, sir.

Good morning, Chairman Gibbons and members of the Subcommittee. My name is Tom Harrington. It is a pleasure to be here today and provide you with information on a sustainable development journey between the Golden Sunlight Mine and the community at Whitehall, Montana. The community of Whitehall is located in southwest Montana, adjacent to the Golden Sunlight Mine. The Golden Sunlight Mine is an open-pit gold mine that has been in operation since 1982.

The need to fully understand and assess the environmental, social, and economic impacts on a local community and to mitigate these impacts has become an essential aspect of successful mining today. Many quantifiable environmental standards exist in the regulatory guidelines and operating permits of the mine. Golden Sunlight has had great success with steep slope reclamation and other reclamation projects. The slide show is an example of steep slope.

It is also in a very visible location along a major interstate highway that impacts millions of passers-by annually and visually demonstrates how good reclamation practices take care of the environment. The next three slides show shots from the interstate, local highway, and the frontage road.

However, when you look at the social and economic standards, there are not clear checklists that rate the effectiveness of the Community Sustainability Program. Therefore, it's imperative that

corporate leadership believes and is committed to the principles of sustainable development.

There are five key areas that we identify as successes.

One is teamwork, getting the local leadership and area stakeholders involved early in the process. A coalition of stakeholders was organized, called the Community Transition Advisory Committee. These stakeholders assess community issues and concerns and have been directly involved in the discussions relating to the mine. The membership is comprised of a cross section of the local area. The president of a local bank is a member, county commissioner, the mayor, local development corporation representative, a member of the Montana Fish, Wildlife, and Parks Commission, and a member of the local Chamber. This open and direct communication link between the community and the mine facilitated dialogue and future economic development opportunities.

Second was information flow. The flow of information up, down, and across all lines of communication needed to be functional and effective. The key to our success was an open and honest flow of information on many aspects of the mine and allowed the CTAC members to become a direct conduit into the community.

Third was public relations. Keeping everyone informed as new information becomes available is always an ongoing challenge. We implemented public meetings, routine news articles, made sure that the members were easily accessible to the community.

Number four was tenacity. We found that nothing comes easy, and commitment and dedication will increase the probability of success.

And the last, remain positive. The world is a place of constant change with many dynamic situations. It's important to look for the good in all situations and the silver linings.

Now, when you get a community program that's working in concert with the mine, it directly benefits the community and the mine in both tangible and intangible ways. For example, in the 2003 legislative session, we saw several changes in Montana law. Let me just highlight one. In the past, mining operations were required to return their sites back to pre-mining conditions upon closure. This meant millions of infrastructure were removed at great expense to the mine. A new law allows mining operations to enter into an agreement with economic development organizations to use this infrastructure to mitigate the economic impact of a mine closure.

Other areas of the mine that directly impacted the community was in providing equipment for search and rescue, medical equipment, helping with fires and floods, donating computers, contributing thousands of dollars to college scholarships, education field days, developing a community fish pond, and also helping with the Community Endowment Program. There is also a local grant program and business loan program that is comprised of about \$800,000 that's used to help support the community, and this is solely from tax dollars generated by the Golden Sunlight Mine.

We have also donated property for a business park, shown on the slide here, that will help with generating jobs and tax base. They are currently pursuing wind energy development at their site, which is a great story to tell about how an extractive industry that is dealing with a declining resource is able to utilize existing infra-

structure to develop renewable energy that will benefit the community in the long run.

The culture and attitude of the mine carries over into many different facets of the community. Things like company safety procedures become implanted into community programs and operations. Cultural integration also has an added benefit of educating others from outside the mining community. This contact with people not familiar with mining can have a positive future impact on mining legislation and laws as we create a better-informed voter.

In conclusion, sustainable development is here to stay in the mining industry. It's more than just talking the talk; it's about understanding the benefits and actually going out and walking the walk. As in the words of a former Golden Sunlight Mine general manager, one of the most successful things we have done in preparing for closure is involving the community. Anytime you do that, you generate a lot more trust. Through this committee, the community of Whitehall gives the mine its license to operate.

Thank you.

[The prepared statement of Mr. Harrington follows:]

**Statement of Tom Harrington, Assistant Manager,  
Jefferson Local Development Corporation**

Good morning Chairman Gibbons and Members of the Subcommittee:

My name is Tom Harrington, and it is a pleasure to be here today and provide you with information about the on-going Sustainable Development journey between the Golden Sunlight Mine and the community of Whitehall, Montana.

Orient you to the area: (Show the MT Map slide and the GSM open pit slide)

As a local economic developer my focus is on creating jobs and tax base in Jefferson County, Montana focusing on the community of Whitehall where the Golden Sunlight Mine has been in existence since 1982. We all know the "boom and bust" tradition of mining from a historical perspective. Montana, known as the "Treasure" State, has a rich mining heritage as evidenced by our state seal that has the words inscribed "Oro y Plata" (Gold and Silver).

In our state, many community economies thrived as mining operations started, grew and developed. As the economic life of the mining operation eventually played out, the mine inevitably slowed down and eventually closed resulting in devastating local economic impacts in many cases. Many of these once thriving communities, (to name a few: Marysville, Silver Star, Elkhorn, Virginia City, Bannock, Anaconda, Garnet, and Highland City,) either closed or dwindled into obscurity with the only tangible legacy of mining being landscape scars and abandoned buildings. These communities and countless others are examples of the impact of the mining culture of the past.

Today the mining industry is undergoing a cultural shift and philosophical change related to mining in the modern day world. The need to fully understand and assess the environmental, social, and economic impacts on the local community and to mitigate these impacts has become an essential aspect of successful mining. This is known as "Sustainable Development". Jefferson County has a heavy reliance on mining with 3 of 4 of the top taxpayers being mining firms. The need to implement an effective Sustainable Development program is essential to maintaining the current quality of life of the area residents. The assessment of community needs will vary from location to location depending on the existing environment. Mining organizations today need to be able to assess a community profile and adequately address area stakeholder and NGO concerns through the life of a mining operation. The information age and computer technology has created intelligent and astute area stakeholders and sophisticated NGO's.

The challenge for Sustainable Development is how to measure the program effectiveness. Many quantifiable environmental standards exist in regulatory guidelines and operating permit requirements to help guide us in how to do it right. Golden Sunlight has had great success with steep slope reclamation (show slide of steep slope reclamation) and has been recognized for their outstanding reclamation program. To date they reclaimed over 1060 acres at a cost in excess of \$20 million dollars and still have a \$54 million dollar bond in place. (show slide of view of GSM

Whitehall) Golden Sunlight's visible location along a major interstate highway impacts millions of by-passers annually and visually demonstrates how good reclamation practice takes care of the environment.

However, when you look at the social and economic standards there are no industry road maps or checklists that rate the effectiveness of a community sustainability program. What this means is the criteria and measurement of these key components of sustainable development must come from the corporate leadership. This is more than just establishing a formal corporate policy or philosophy that is published in the corporate literature. It is imperative the corporate leadership believes and is committed to the principles of Sustainable Development and understands the relationship it has to shareholder value. We are fortunate that Golden Sunlight's parent company, Placer Dome USA, has a strong commitment to Sustainable Development and community partnerships that have been implemented by the Golden Sunlight Mine. Without this active leadership, commitment and focus, the process of Sustainable Development would likely have been doomed to fail at the mine operator level. Ultimately, the local area stakeholders and community will validate and be the true measure of success of a Sustainability Program.

So, how do we implement a successful community Sustainable Development program? Several years ago the Golden Sunlight Mine was anticipating mine closure. Then Mine General Manager Doug Bailey had a vision to get the community involved in the process of how to mitigate the looming economic impact. Our lessons learned during this journey identified five key areas that helped set the stage for success. I would like to briefly highlight the importance of these areas.

**1. Teamwork:** You must get the local mine leadership and key local area stakeholders involved as early in the process as possible. In our case, a coalition of area stakeholders was organized, called the Community Advisory Transition Committee (CTAC). These key stakeholders have met monthly to address community issues and concerns and have been directly involved in key discussions relating to the mine. CTAC members represent a broad cross-section of the area including the president of the local bank, a County Commissioner, the Mayor, a local development corporation representative who also has his own environmental consulting firm, a member of the Montana Fish, Wildlife, and Parks Commission who is also a local business owner, and the president of the local Chamber of Commerce. The primary focus of this group has always been to sustain existing mining operations while planning for the long-term. This open and direct communications link between the community and the mine facilitated dialogue on future mine asset re-utilization, economic development opportunities and mine strategies.

**2. Information Flow:** It became evident the flow of information up, down, and across all lines of communication needed to be functional and effective. The issue of what and how much information a mine is willing to disclose to area stakeholders on current operations will always be an item of debate. A large key to our success was an open and honest flow of information on many aspects of the mine operation that allowed the CTAC members to be a conduit to the community. It is also important to remember that bad news doesn't get better with age and these key community leaders can be a valuable resource to existing operations. The aspect of information flow is an essential part of developing a relationship that is built on trust and candor.

**3. Public Relations:** Keeping everyone informed, especially the public, as new information becomes available is an on-going challenge. The implementation of public meetings, routine newspaper articles, and the easy accessibility to the team members was essential. Periodic sampling of the local community on how information flow is working and how current perceptions integrate with the team direction and actions is essential to avoid tunnel vision. Using an outside agency to survey and poll the community about on-going operations, decisions, and ideas can help keep the focus. We did a community survey that validated the committee direction was on track and in concert with the community.

**4. Tenacity:** Good projects and ideas will always have strong competition. We found that nothing comes easy and commitment and dedication will increase the probability of success. As challenges developed, the committee was able to analyze and assess impacts and implement alternative plans by selecting the next best course of action.

**5. Remain Positive:** The world is a place of constant change with many dynamic situations and it is imperative to always look for the good aspects and silver linings. Positive attitudes create a synergy that gets people wanting to be actively involved in a project and sustains momentum. It is important for the key members of the team to be optimistic and forward looking.

When you get a community program that is working in concert with the existing mine operation, it creates a harmony and spirit of cooperation that directly benefits

the community and the mine operation in both tangible and intangible ways. There are several positive effects of the GSM CTAC process that directly benefited GSM and the overall mining industry in Montana. Just a few examples:

1. The 2003 legislative session saw some significant changes to existing state law that have had a positive impact on mining. A couple of highlights are:

(a) In the past, mining operations were required to return their sites back to as close to pre-mining operations as possible and were included as a part of the on-going bonding process. This meant millions of dollars of useful infrastructure was removed at the end of mining at a tremendous cost to a mining company. A bill was introduced and passed that changed existing law to allow mine operations to enter into an agreement with economic development organizations that could use this infrastructure to mitigate the economic impact from mine closure. This bill also allows existing mine operations to decrease their existing bond requirement.

(b) Change of venue for court review—An action to challenge the issuance of a certificate must now be brought in the county in which the activity occurred. In the past, litigation issues were filed in district courts that may have exhibited more favorable outcomes toward certain causes. Now, litigation must be filed in the county where the operation is located.

2. The integration of the Golden Sunlight Mine into the community over the past twenty years has had far reaching impacts. They are an active partner and have been directly involved with the community in many different arenas. A few areas that they have directly impacted are medical equipment purchases, search and rescue equipment donations, assisted the library expansion program, helped with equipment and manpower during local flooding, assisted with nearby wild land fire fighting, donated computers and musical instruments to area schools, provided resources to rebuild the school roof, donate thousands of dollars each year for college scholarships, have education field days at the mine site, work with academia on testing and research, allow recreational use of their non-mining property at no charge, provided property for an outdoor Lewis and Clark theater play, assisted with a wild turkey stocking program that now allows a turkey hunting season, support local sportsman organizations, contribute annually to the local baseball programs, donated land and assisted with the development of a family fish pond, and provided the initial resources for a community endowment program. There is also a local grant program and business loan fund that has in excess of \$800,000 that is comprised of tax dollars from the Golden Sunlight Mine. These tax dollars converted to grants have allowed the local community to improve the rodeo grounds, baseball fields, build soccer fields, expand the local library, help an outdoor theater group, assist a local brain injury treatment facility, and assisted a business park develop infrastructure. Two major projects being worked are the Sunlight Business Park development and wind energy development. Golden Sunlight Mine donated 200-acres of their property along the interstate for the development on a business park that would allow the creation of jobs and tax base. They are also pursuing wind energy development on site that is a great story about extractive industry that has a declining resource utilizing existing mine infrastructure to develop a renewable energy source that benefits the local community.

As you look at the Golden Sunlight Mine over the past twenty years and talk with area residents, you see a definite trend that the mine is truly integrated into all aspects of the community. When you further analyze the relationship you realize the community is also comprised of many mine employees and their immediate and extended families. The culture and attitude of the mine carries over into many different facets of the community culture. You see miners and family members as part of the PTA, school board, local government, youth programs, and charitable fundraisers. They are the coaches of local sports programs, leaders in scouting programs, involved with the local 4-H, and participate in many non-profit and civic groups. This direct community involvement by mine employees and family actually has a significant impact on the local culture and ideals. You see the positive impact of the mine culture being permeated throughout the community culture. Things like the company safety procedures becoming implanted in many local community operations and functions. Miners have a strong work ethic that is instilled into our schools and many community programs. These positive factors helped establish a strong base for future economic development opportunities. This cultural integration also has an added benefit of educating others from the non-mining public as they come in contact with these mining individuals while participating in these many activities. This routine contact with people not familiar with mining can have a tremendous positive future impact on mining legislation and laws. These better-informed voters will be able to make good decisions as mining issues come up for voting.

In conclusion, Sustainable Development is here to stay in the mining industry. It is more than just talking the talk—it is about understanding the benefits and actually walking the walk. As in the words of a former Golden Sunlight Mine General Manager, *"One of the most successful things we have done in preparing for closure is involving the community. Any time you do that, you generate a lot more trust. Through this committee, the community of Whitehall gives this mine its license to operate."*

Mining companies that fully understand, embrace, and implement Sustainable Development in future operations will be the industry leaders. Their past performance will pave the way for future success as new mining ventures are explored and developed. The commitment to Sustainable Development should reward these high performance organizations with reduced costs that will directly correlate to increased shareholder value.

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Mr. GIBBONS. Thank you very much, Mr. Harrington. We appreciate your presence here and your testimony.

We will turn now to Mr. Courtland Lee. Mr. Lee, welcome to the Committee. We look forward to your testimony. The floor is yours.

#### **STATEMENT OF L. COURTLAND LEE, GEOLOGIST**

Mr. LEE. Good morning. I am going to take you up on your offer to ramble a little bit here and submit my testimony to the record.

I'm Courtland Lee. I've had a long involvement with these issues. I even worked on this committee back in 1980. With my graduate degree, School of Mines in Arizona, I'm familiar particularly with the large copper pits in Arizona. In fact, this kind of reminds me of the plight of trying to bring attention to this particular issue. Mo Udall used to tell a story about a rich man trying to board his horse—only this time "the horse" is these issues of mine reclamation. And he goes down the road and he sees this farmer, and he says can I board my horse in your place. He says, sure, it's \$50 a month and we keep the manure. And the guy says that's a little more than I wanted to pay.

So he sees this other farmer a little down the road and he goes and talks to him. And he says, How much are you going to charge me to board my horse here? And he says, well, it's \$40 a month and of course we'll keep the manure. And so he says, well, I'm making progress. That is a ramshackle old house up that dirt road there. I wonder what he'll charge.

So he goes up to this guy and the guy says, well, I'll tell you what, I'll board your horse for \$5 a month. And the guy says, well, sign me up. As he's signing the paper, he says, just kind of curious. The other people all said they'd keep the manure. How come you don't make that stipulation? And he says, well, mister, at \$5 a month there ain't gonna be much manure.

I think that's sort of the public attention to this issue. I just walked by the hall, all these fallen soldiers in Iraq for our strategic interests. And if you allocate the Defense Department budget over some of the costs to import certain commodities—you know, in Nevada you're left all to yourself and you allocate the costs only on the natural resources, not the big picture. And I think that's some of the problem.

I've been Chairman of the Sand and Gravel Board in Prince George's County. There's a 2-square-mile mine within 6 miles of where we sit. Built a lot of these buildings, all the sidewalks, the gravel that built the Beltway. And it's very interesting, because

there's so much demand for land they by and large reclaim them into commercial use, housing developments. There's an Izaak Walton League not more than 5 miles from here that has a water park in a reclaimed sand and gravel mine.

I got into the azalea business. I'm kind of a farmer at my age. I've enjoyed getting out of all the intensity of these issues. But there's a great horticultural site, I think it's in the Northwest—it may be in Canada, even—but it's a limestone quarry that's just simply left unreclaimed. In the bottom, it has one of the most unique gardens in North America. People come from thousands of miles to go through this garden, which is basically a quarry that's unreclaimed.

There's a lot of interesting and innovative things you can do to sustain development after you mine it, because you're kind of left with a very unusual piece of geography.

My issues that I worked on many years were broader issues of—and I guess I'm witness to the decline of mineral exploration and new mining in the United States. I worked with a guy named Gary Bennethum when I was in Interior, and we came up with this article, "Is Our Account Overdrawn?" At the time we wrote this article in 1974, 1975, the official Government statistic for the amount of lands that were off-limits to mineral development was 6 percent. And we came up with, I forget, about 53 percent for hardrock and 60 percent for leasables. And when you have the official Government number at 6 percent and we—our numbers have held up, by the way, over the years—we came up with over half the lands were withdrawn. And it's worse now than it was then. That makes you wonder about the attention given to the management of the Nation's mineral resources.

And to sort of parallel that—and I've attached these in attachments—I got interested in the leasable minerals. And of course from Nevada, you're mostly hardrock, although I'm sure you have some potash—these large bedded deposits. And they came about going back to Teddy Roosevelt and even Taft, they withdrew all the lands in the United States. Right through World War I we had no way to allow anybody to drill for oil and gas or phosphate. And at the time of World War I, we imported all our potash from Germany and—

I knew I'd go over the time. We imported our potash from Germany. Well, we went to war with Germany, and the potash shot right up to \$400 a ton, a great hardship on farmers. And here we had some inklings of potash in New Mexico, but the Government had no process to transfer that to people to mine.

One last story. When this article broke, we had a senior legislator come in from somewhere out West, and he talked about the July of 1941. The military went to the Interior Department to try to put a radar base on the Hawaiian National Park, which would give them 200 or 300 miles observation, because of the height, out over the ocean. And there were hearings and fights over that right up through December. Now, what if they had put that radar station, what if they had allowed that? What was the cost? What was the opportunity cost of that withdrawal versus a small radar base? And of course history, in that case, it was extremely high.

That's the end of my statement. I'm over time.



[The prepared statement of Mr. Lee follows:]

**Statement of L. Courtland Lee, Consulting Geologist,  
Appalachian Gemstones, Boxlee Azalea Farm**

It is a pleasure to testify before this committee. I have worked here on staff and later in a number of capacities, mostly relating to mining and land use, exploration, and a number of legislative efforts. I carefully read the title of this hearing which was given to me as, "Sustainable Development Opportunities in Mining Communities, Part II."

There are always development opportunities as we are limited only by our imagination, influenced perhaps by a number of other factors. I will address the sustainable mineral opportunities issue first. Many mines have had amazing longevity, large mines and small mines. Often the demand for a commodity will wax and wane depending on the needs for the economy of the time. Throughout U.S. history, miners roamed the west from one mine employment site to another as new mines were opened and old ones closed, or new uses of old commodities injected life into mineral properties. In recent years there has been a trend away from sustained mineral use toward recreation, home sites, ski villages, etc. Much of this activity has been on mineral land since it is the only way to get title to remote federal land since the demise of an assortment of homestead laws. Ownership is achieved through a patented or even on occasion an unpatented mining claim. This may be good for home-building but it is not good for long term mineral use and employment based on that use.

New concepts in ore deposition can lead to discovery of a whole new mine, or even a use of an accessory mineral may overtake the original mineral, for example porphyry copper on old gold mines.

During the last decade, there have appeared to me alarming new trends. There has been a breakdown in the working of the mining law, and land access is restricted or denied over much of the national resource lands. This has occurred under a strong dollar, cheap foreign imports, and an explosion in popular environmentalism which in this case I would define as organized anti-exploration and mining. As costs to operate have gone up, opportunities in mineral employment have left the country, and I might add, many of the mineral employment centers have left as well. This is also a significant factor in our balance of trade deficits.

Western mineral development is largely public land development and eastern mineral development is private mineral development. Of course in public land states where patented mining claims have been issued these islands have to some extent become private land.

The breakdown of the mining law and an atmosphere of hostility toward mining directly effects opportunity for sustained development in all these communities. I believe it also affects the competitiveness of the entire American economy as America gives up once domestic sources for raw materials and relies on other nations, some friendly some not, and some that will change. This is not to say I favor protectionism, just a level playing field. Many mineral resources have to develop markets for their product. Once that market is taken over by a foreign competitor it may not come back.

Government likes definite numbers: acreage of wilderness, employment, production numbers, tax revenue, etc. This is understandable. However, it rarely if ever accounts for the ingenuity of an idea, or the potential of discovery. Over the years attempts have been made at quantifying undiscovered minerals using probable, possible, or inferred categories to describe various known states of guessed at mineral reserves. However, if they can't be tested, they don't count, and if mineral land is placed off limits through dejure or defacto restrictions, the potential will remain unknown and will fail to sway a land use board against a known value, even one angry voice raised in favor of no change.

If the topic of this hearing is sustainability of mineral development and employment in an area, under today's legal land use pattern, I would say it is unlikely development can be sustained long past the current operation.

In order to achieve sustainability, which is possible, you would have to reform and update the American mining law, and reform and update all the raft of withdrawals including Wilderness with a big W as it basically enshrines a 1964 zoning pattern on public resource lands forever. What town in the United States today could live with a 1964 road pattern as its sole zoning base. Yet American mineral producers are asked to do just that. And no, the planning process did NOT take into account mineral resources in the boundaries. They didn't have a clue, anymore than Tucson Arizona foresaw the expansion of housing outward in 1964 for today's housing market. They had a more flexible process and have been able to handle growth.

This is our dilemma. The political will to make these changes may not be there. If this is the case, we will continue on until some crisis forces us to visit these solutions.

I am attaching some papers I have written in conjunction with others on these issues. For nearly ten years I was with the Public Resource Foundation in an effort to come up with and pass a model Mining Law Bill. That model bill is not attached and I would refer you to Putnam Livermore in San Francisco if you are interested. Other articles demonstrate a progression since the Wilderness Act in 1964 to eliminating exploration and discovery for mining law minerals in our national resource lands.

Mineral resources on Public resource lands are separated into locatable mineral resources; the hard to find minerals, and secondly leaseable minerals; the bedded mineral deposits or more easily found ones. Withdrawals affect both. With leaseable minerals there is enough information to get a sense of how much of the resource broadly exists and how much is currently under development. An attached article, I did years ago, indicates that potash in the U.S., a key fertilizer mineral is most in need of some attention in order to sustain mineral development. History would show that potash imports cut off from Germany in WWI led to great hardship by American Farmers.

Finally attached is the new discovery Patuxent River Agate, a petrified bone material from of all places, Maryland. This was my discovery which last year became the Maryland State Gemstone by a strong vote. Six years ago this fine quality state gemstone did not exist. If it can be found in an eastern urban/suburban environment, what else is out there on those National Resource lands? Lands that were set aside for wise use, I might add, not for no use. If you don't look, you won't find.

We are entering a new era. China, India, and other nations are for the first time competing for natural resources, resources we have historically had nearly all to ourselves. Where will the next generation get their minerals to sustain not only mining communities, but industrial communities all over this nation? I think this committee's attention to this issue is important.

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Mr. GIBBONS. Well, thank you very much, Mr. Lee. Indeed, it's fascinating to hear those stories and the contributions that your testimony makes is indeed helpful. Thank you for being here today as well.

We turn now to Ms. Ann Carpenter, a friend of long standing and someone I have a great deal of respect for, who has been before the Committee before. Ann, welcome. The floor is yours. We look forward to your testimony.

**STATEMENT OF ANN S. CARPENTER, MINERAL DEVELOPMENT  
CONSULTANT, WOMEN'S MINING COALITION**

Ms. CARPENTER. Thank you very much, Congressman Gibbons. I appreciate the opportunity to speak before this Subcommittee and on this important issue. I ask you to refer to my testimony for further detail on my background, but I've had over 25 years of experience in mineral development both domestically and internationally. As well, I've been working and focusing on sustainable development for various clients since 2000.

Some of my work lately has been helping community groups develop in Nevada at various levels, some with just a focus at single mine sites and others with community group development in communities that host many different mine sites. The community groups are being initiated in Nevada and many other States where mineral development is occurring so we can look at mining as it plays a role in sustainable development at these communities. Oftentimes these are initiated by the communities and sometimes by the mining companies, but it's always in partnership as we try to evaluate how this particular industry plays a role in the overall development of a community. But the important point here is that

the communities are the drivers. The drivers are not the mining companies so much as their participation inside of a community group.

The groups are comprised of a multi-diverse stakeholder group, including business owners, mining companies, Government agencies, indigenous groups, and other interested parties. The focus here, inside of our testimonies here have been on hardrock, but I've seen this evolve out into the coal sector as well, and there are a number of individuals that are forwarding these sorts of initiatives in the coal sector.

The objectives generally of these groups is to become more involved with the industries that they host, mining and otherwise; to strengthen communities through economic diversification; to look at mine sites with the idea of attracting other businesses; and to work in partnership with a broad group of people to address communities' growing needs. The integrated approaches give us, lead to sustainable development opportunities. There are many businesses that are coming to look at mine sites for different business opportunities. That includes renewable energy generation, as we've heard, waste management, eco-industrial park concepts, recreation, business parks, educational-institution partnerships, high-tech business opportunities, and law enforcement and military training.

The impediments are tied to our current land use policies, as we've heard from some of the other testimonies today. These land use policies help to promote the boom-bust cycle that we constantly find ourselves in.

The closure—we are required by law and regulation to close the mines. We complete extensive earthwork and revegetation reclamation. We also remove all buildings, roads, power facilities, water wells, et cetera, as part of this closure requirement. The closure policies limit the ability to reuse these sites and the communities are actually asking for more.

The impediments include, in Western States where Federal land ownership is highest—Nevada being in excess of 87 percent—communities can be surrounded and oftentimes are surrounded by Federal lands, limiting the growth opportunity. And if the map is still up, I ask you to refer to that map again.

The restrictions currently placed on post-mining uses, as dictated by existing Federal land use policy and regulations, makes sustaining a strong economy in rural communities extremely difficult. We need mechanisms to privatize the land to help to promote other businesses. We currently have patenting land sales and land exchange, all very cumbersome, slow processes. And these current mechanisms, we often find ourselves in delays that actually impede economic growth and causing negative impacts to the ability to evolve these sites into other business opportunities.

As I've discussed, the current businesses under consideration—and this by no means is a complete list—include renewable energy; and you have Kennecott, Queenstake, Placer Dome, Kinross, Coeur Rochester, Newmont, Placer at both Cortez and Golden Sunlight. A lot of companies are coming to these sites asking the various companies to see if they can characterize the site to see if wind energy generation, solar, geothermal are going to be possible. We have landfill business opportunities. Rawhide, Mesquite, and other

mines across the West are looking at the possibilities. Recreation, trail systems, wildlife viewing in Nevada, California, Wisconsin. Some of the sites have business parks affiliated with them—Flambeau, Wisconsin; some in Nevada, some in Montana. These are evolving discussions. And then educational-institution partnerships, like the McLaughlin mine in California, Flambeau mine closure in Wisconsin, and many other places.

An interesting new development is military and law enforcement training facilities. At a recent community meeting, a Hawthorn individual, elected official, summarized a business opportunity that has come to them in the Hawthorn area. And I just had some interesting conversations on a plane flight recently with some military and law enforcement folks that were saying that we don't have enough training facilities to meet our growing demands for homeland security training issues. And they became very interested in, well, what's potentially the possibility of using these mine sites that have gone into closure for those potential personnel and unit training and equipment testing. There's a place out at Lakeview, Oregon, Thunder Ranch, that is one of these particular facilities where training occurs.

A central question: How do communities gain access to these sites in order to develop other business opportunities for the long term? And the answer lies in the partnerships built between the communities, the governing agencies, mining companies, and other individuals and entities. The answers also lie in land use plans, policies, and regulations—ending the boom-bust cycle, communities' desires for additional utilization of mine sites, the Federal agencies, and the need to change Federal land policies. We need help to modernize the processes.

Not only does the mine generate capital for investment, but the sites offer opportunities and assets—facilities, infrastructure, et cetera—for other business opportunities providing for sustainable development opportunities. The current mine planning and reclamation and closure requirements by State and Federal agencies leave little room for other businesses to utilize these sites. As companies and communities begin to shift their gears and address the need for changes so that the other businesses might have access to these sites, the Federal agencies also need to implement changes to their existing policies to help communities develop economic diversification. These are all necessary changes that benefit the sustainability of rural communities.

And I thank you for the extra time in my testimony.  
[The prepared statement of Ms. Carpenter follows:]

**Statement of Ann S. Carpenter, Consultant,  
Domestic and International Mineral Development**

Congressman Gibbons and distinguished participants:

Thank you for the opportunity to testify before this Subcommittee today. My name is Ann Carpenter. I work as a professional in the domestic and international mineral development arena, and am an advisor to and past president of the Women's Mining Coalition (WMC). WMC has members and participants nation-wide addressing mineral development issues important to the companies we work for and the communities in which we live. Today I will discuss "How Companies and Communities are Addressing Sustainable Development Opportunities".

I have a bachelor's degree in Geology from Montana State University in Bozeman, Montana (1980), with additional advanced degree studies completed at Mackay

School of Mines, UNR (1981-1983). I have over 25 years of experience as an exploration and mining industry professional, exploring for and developing mineral resources worldwide. This experience has provided me opportunities to work in many diverse geologic and cultural settings—in the United States, Chile, Argentina, Peru, Mexico, and East Africa. I have worked for junior, mid-tier, and major mining companies, as well as for local governments and institutions evaluating mineral resources—integrating sustainable development principles and practices from the grassroots exploration phase through property reclamation and mine closure.

#### **Sustainable Development Background**

The Bruntland Report, or *Our Common Future*, is the report made by the World Commission on Environment and Development in 1987. It addressed growing concerns about the environment and how development creates impacts. In that report, sustainable development was described in this way: “Humanity has the ability to make development sustainable—to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs”.

The mining industry addressed this further through a global effort called the Mining, Minerals and Sustainable Development (MMSD Global), and results of this effort are reported in “*Breaking New Ground—Mining, Minerals and Sustainable Development*” (2002, London: Earthscan Publications), available online at <http://www.iied.org/mmsd>. Sustainable development has become a key concern for mining companies, the communities that host mines, NGOs, indigenous people, community leaders, business owners, educational institutions, and other interested parties.

I worked on three of the four tasks related to the Mining, Minerals and Sustainable Development North America effort, helping to generate that final report in 2002. As well, I was part of a 40-person team headed by Anthony Hodge that generated the *Seven Questions to Sustainability, How to Assess the Contribution of Mining and Minerals Activities* (2002 publication). I have assisted mining companies and various communities in addressing, developing, and understanding principles and practices of sustainable development. Most recently I have been a consultant to Caterpillar, part of a team that designed and implemented a Sustainable Development Forum that Caterpillar hosted in conjunction with MINExpo 2004. In addition, I work as part of a Caterpillar team developing an educational film on sustainable development to be used in high schools and college level courses. I currently work with three Nevada-based community groups addressing mining and sustainable development issues, often in partnership with UNR's Mining Life Cycle Center and Great Basin College.

Sustainable development is often described as pillars, and includes these elements: economic, environment and social/community. Governance is another pillar that is often included in discussions. Other terms that have been used to provide an image of sustainable development is the three-legged stool or triple bottom line. The latter refers to an accounting sheet providing bottom lines not only on economic activity but also on environmental and social/community issues.

Sustainable development and sustainability are topics that many industries, companies, and individuals are discussing. PriceWaterhouseCoopers recently conducted a survey of over 25,000 people worldwide. This survey revealed a near global consensus that companies should go beyond financial philanthropy and apply their expertise and technology to resolve social and environmental problems. Many industry sectors and their related companies are recognizing the need to demonstrate their commitment to generating profits, while at the same time reducing the impact of their businesses and operations on people and the environment.

#### **Community Groups and Sustainable Development**

In areas where mines are being developed, community groups are springing up throughout Nevada, and the United States in general. These emerging groups are becoming more involved with the industries that they are host to, with the hopes of strengthening communities through diverse partnerships addressing diverse concerns and opportunities, including sustainable development concerns and issues. In rural Nevada communities, where mining is a key industry, these emerging community-based groups are comprised of a broad range of interested stakeholders, providing forums for identifying, discussing, and resolving important community issues.

A central desire is to bring business and economic diversification to rural Nevada, and to communities that are dependent on mining, addressing sustainable development needs. I am currently working with three community groups in Nevada; these are briefly summarized in Appendix A. Some of the objectives, as stated by various stakeholders in these community groups, include:

- To develop partnerships with a broad range of interested parties and individuals—assisting in the transition to sustainability in Nevada’s rural communities.
- To collaborate with many, focusing on attracting new businesses to the area, often looking at mine sites and mining companies for economic diversification opportunities.
- To initiate longer term planning, strengthening communities through business and industry diversification.
- To foster a forum, promoting discussions between Northern Nevada communities.
- To develop a means, a process for interacting with the many entities and individuals that are in the communities, including: federal and state agencies, Native American tribes, business owners, educational institutions, various industries (retail, mining, ranching, gaming, energy generation, etc.), and interested citizens.

It is important to note that the groups that are emerging are the result of community-based initiatives, forwarded by individuals in the communities hosting mines. As well, the mining companies are also initiating and expanding outreach efforts into the communities and areas where they operate, forming important partnerships with these hosting communities toward addressing economic and industry diversification. In addition, each of these community groups is comprised of individuals from businesses, mining companies, government, indigenous groups, and many others interested in participating.

Although mining companies are some of the participants in these community groups, it is the communities themselves that drive the process, the discussions. Not only are the community groups addressing important issues locally, they are also partnering with other communities in the region with the hopes of attracting businesses to the region. Mining companies and the mine sites play an important role in these discussions.

#### **Economic Diversification, Mine Sites and Land Use Policies**

Communities throughout Nevada are beginning to look at mine sites differently. These sites have a history of revenue generation for the host communities, and there is a growing desire by the hosting communities to attract other businesses to these sites to develop business opportunities. There is existing infrastructure in place at the mine sites—power, roads, buildings, water, etc.—and communities are asking that the facilities and infrastructure remain in place so that other businesses might be able to utilize them. This would allow for the site to evolve, to continue generating revenue for the host communities, and that would help the region to have more opportunities to develop additional sustainable business opportunities. Some of the businesses that have recently showed interest in utilizing these sites include:

- Renewable energy generation
- Waste management
- Eco-Industrial Park concepts (in concert with waste management and renewable energy generation)
- Recreation (trails, parks, fishing, etc.) and wildlife habitat—successful reclamation has resulted in vegetation and wildlife habitat enhancement—both having recreational value.
- Business Parks
- Educational institutions—partnerships for long-term learning; long-term monitoring and closure procedures provide unique partnership opportunities between educational institutions, the mining companies, state and federal agencies, and other interested parties.
- High tech business opportunities—data storage

This should be considered a partial list, and in no way should reflect all of the possibilities that communities are currently reviewing to strengthen their economies. Some of these have potential specific ties to the mine sites, some need partnership relationships with mining companies and others, and some are stand-alone with the mining companies invited as potential investors.

A testimony I submitted in October 2004, for a Field Hearing on “Sustainable Development Opportunities in Mining Communities Part I” held in Reno, Nevada details some of these other business opportunities. The testimonies of others today also begin to account for some of the sustainable development opportunities that communities hosting mines are reviewing.

*Business Diversification Hurdles*

Although there is a growing desire by communities to have other industries develop business opportunities at mine sites (either those that are still active, or those sites moving into closure), there are hurdles to being able to accomplish this business diversification. In order for new businesses to utilize mine sites, federal land use plans and regulations would need to be changed to better allow for this to occur. Nevada and its rural communities are constrained to small areas for development, with federal land ownership surrounding most communities, and constricting their business and community growth opportunities. Land use plans and existing regulations need to be evolved to help address rural communities and their changing needs with regard to business development. The mine sites provide a unique opportunity for this to occur, helping to attract other businesses to an area if access to the sites can be achieved easily and affordably.

The Boom-Bust cycle continues to be a part of mineral resource development, causing great concern for many. It is not just the result of the short-term, finite business cycle of mining (when the resource runs out, then the mine must close), but it is also supported by federal land use plans and policies that require "closure" to occur at the mine sites. Under current federal policy, mining companies that are operating on federal land are not only required to complete extensive earthwork and revegetation reclamation, but they are also required to remove all infrastructures during mine closure. This includes roads, buildings, power lines and power transfer stations. This translates to lost economic and business opportunities for communities—communities view these as assets that could and would attract other businesses to the area.

Mine buildings and other facilities at the mine sites can be used for other types of industrial activity and are considered an asset by many communities. Many mining properties are suitable for renewable energy projects such as wind, solar and geothermal. However, once the power lines and the transfer stations have been removed these types of projects may not be economically feasible. The Boom-Bust cycle continues, driven in a large part by land use policies that currently limit the ability of other businesses to utilize these mine sites after mining has been completed.

The government plays a key role in the current Boom-Bust cycles regarding mining, driven by its existing land use plans, policies and regulations. These need to be evolved to help meet the growing needs of communities—to help develop stronger economic and sustainable development opportunities.

Federal agencies play a vital role in rural communities' abilities to survive and evolve. It is time to evolve land use plans, policies and regulations to meet the changing needs of communities. Privatizing lands at mine sites would help to meet these growing needs of rural communities not only in Nevada, but across the west.

The restrictions currently placed on post-mining uses, as dictated by federal land use policies and regulations makes sustaining a strong economy in rural communities extremely difficult. Privatization of some of the lands at mine sites (pits, facilities areas, etc.) is a way to help promote economic development following mining because the infrastructure developed at mine sites could be used to support redevelopment of the land, attracting other businesses.

Patenting of lands in mining areas was a key "privatizing" mechanism in the past; a mechanism used to secure necessary title to lands on which mines were being developed. As a result, there are many historic mining districts across the west where there are large blocks of patented lands. Some of these have evolved over time into other business ventures, principally "recreation-based". Ski areas at Telluride, CO; Park City, UT; Sun Valley, ID are just a few examples of the mining areas where these types of businesses have evolved, and patented (private) lands played a vital role in this. The businesses have certainly helped the host communities to survive and evolve as well.

Because patenting is not a viable option today, privatization opportunities are limited. Some mining companies have been in protracted (3-10 year) federal land sale processes, and the delays and excessive time taken to complete these has resulted in lost economic and business opportunities—not only for the mining companies but for the host communities as well. It is my understanding that a land sale/exchange Phelps Dodge was forwarding took about 10 years to complete. There are other companies in Nevada attempting to move through the federal land sale process, and by all accounts these are progressing very slowly. More than anything, this is a frustration to the host communities as they view these delays and the slow process as a significant hurdle toward their ability to attract other businesses to the region and address their economic diversification needs. The longer the process, the more likely that interested business groups and opportunities will leave, looking for other more timely options.

It is imperative that Congress review the current options regarding “privatizing” lands at mine sites, with the objective of sustainability of rural communities. Patenting is a difficult to impossible process today—there continues a patenting moratorium on any new patent applications. So other methods need to be reviewed and updated to help to evolve land use policies and regulations to help meet the growing needs of communities. Increasing the private land base in rural counties in Nevada and elsewhere in the west is necessary, and the privatization of mining claims could help to meet the needs of rural communities. Please see Debra Struhsacker’s testimony from the October 2004 “Sustainable Development Opportunities in Communities” Field Oversight Hearing in Reno, Nevada for more information on patenting and privatization.

### **Communities and Mines—An Evolving Partnership**

Communities are beginning to evolve their thinking relative to mining. More commonly, the mine sites and their facilities and infrastructure are seen as assets, and communities want access to these sites to hopefully develop other business opportunities. Some of business opportunities can be advanced concurrently with the mining activity; others are better suited to when the mine is in closure. This is a result of the research that communities are conducting, with the objective of economic diversification. A central question is, “How do communities gain access to these sites in order to develop other business opportunities for the long-term?” The answer lies in the partnerships built between the communities, the governing agencies, the mining companies, and other interested individuals and entities.

There is also a significant shift occurring as communities look at mining and the revenue generated by the production of mined products. A lot of Nevada communities have been through multiple Boom-Bust cycles, and they now recognize the need to invest the revenue generated from mining in a different way: mining revenue is being looked at as seed capital to invest into other business opportunities that create economic diversification, stronger communities, and longer-term futures.

Kennecott’s Flambeau, Wisconsin project is a good example to review. A community group was formed—comprised of mine workers, community leaders, businesses, Native Americans, NGOs, and others—to address mining-related impacts and how the revenue generated by the mine could be used toward economic diversification. What emerged was a business plan that turned the initial investment of about \$7 million in revenue and 70 mining-related jobs into approximately \$50 million annual revenue and 500 non-mining dependent jobs. The mine revenue was viewed as seed capital for a longer-term investment in the community’s future, and the community group and all of its participants helped to develop and guide this plan.

Community groups in Nevada are looking at this example, and many others both in the domestic and international mineral development arenas, to help guide an evolving sustainable development process here in Nevada, especially as it relates to mining.

### **Summary Statements**

Not only does the mine generate capital for investment, but the sites offer opportunities and assets (facilities and infrastructure) for other businesses to potentially have access to, evolving the sites and providing for sustainable development opportunities. The current mine planning, and reclamation and closure requirements by state and federal agencies leave little room for other businesses to utilize these sites and their related infrastructure, helping to perpetuate the Boom-Bust cycle. As companies and communities begin to address the need for change so that other businesses might have access to these sites, the federal agencies also need to address what changes they can implement to help communities develop economic diversification opportunities at mine sites. This needs to change for the benefit and sustainability of rural communities across the west.

There are many benefits associated with privatizing mining claims, and all would enhance sustainable development following mining on federal land. The current regulatory and legislative processes to privatization create impediments. Policy and legislative changes are needed to facilitate privatization as a way to encourage sustainable development following mining. Some of the necessary changes include:

- Lifting the current patent moratorium;
- Amending the Mining Law to include a fair market value patent without a reverter;
- Streamlining the administrative and legislative land exchange and direct sale processes.

It is through community partnerships that people see opportunities flourish. The community groups that are evolving in Nevada are good examples of how partnerships between the communities, the mines, the state and federal agencies and other



interested entities can help to develop sustainable development opportunities. The broad and diverse base of participants in these community groups allow for many issues to be addressed, problems solved, and greater successes realized. These groups are trying to address sustainable development issues and concerns, and changing land-use plans and policies is paramount to helping these communities meet their needs for a stronger future.

Thank you for the opportunity to testify on this important topic.

## APPENDIX A

### COMMUNITY GROUPS—BRIEF DESCRIPTIONS

The community groups that I am working with in rural Nevada include: Rawhide Community Advisory Group; Northern Nevada Partnerships-Elko; and a newly implemented Lander County-based community group. What follows is a brief description of how these groups came together.

#### **Rawhide Community Advisory Group (RCAG)**

I started working with this group in 2003. The group was initiated in 2002, under the direction of a consultant (Steve Jarvis) to Kennecott's Denton-Rawhide Mine. The companies in joint venture were beginning to address mine closure issues at the Rawhide Mine, and wanted to get a group of stakeholders together to address the many issues surrounding closure. The group is comprised of individuals from rural Nevada communities surrounding the mine—Gabbs, Hawthorne, Schurz, and Fallon. I was hired to proceed with the group in 2003, continuing as the Facilitator of the group. There are approximately 15 members in the group, representing the mine, elected officials, interested citizens, economic development leaders, Schurz / Walker River Paiute Tribal members, DZHC Base representatives, and various businesses in the region.

#### **Northern Nevada Partnerships-Elko (NNP-E)**

In November of 2003, the Northeast Nevada Stewardship Group hosted a Mining and Communities forum in Elko, Nevada, and I was invited to participate as a Co-Facilitator. The outgrowth of that approximate 2-day forum is the Northern Nevada Partnerships-Elko (NNP-E) group. The group is comprised of elected officials, mining professionals, representatives from both Great Basin College and the Mining Life Cycle Center, interested citizens, business owners, federal agency representatives (BLM and USFS), and economic development authority leaders. A key objective of this group is to address business and economic diversification and how the mines, federal agencies, interested individuals, businesses, and communities in the region can work together to address sustainable development issues. Another objective is to conduct outreach into other communities in Northern Nevada, to help these communities, if they so desire, to form community groups of their own.

#### **Lander County Community Group**

This group came together in 2004, with a desire to address the proposed Yucca Mountain rail corridor (Lander County sections), as well as mining-related issues. This group is comprised of interested individuals from Austin, Battle Mountain, and ranching communities county-wide, including representatives from the BLM, the hospital, the Yomba Tribe, business owners, ranchers, mining companies, Great Basin College, elected officials, economic development authority, and local schools. This group is exploring ways for the mines, federal agencies, businesses, and interested individuals to work together to address sustainable development issues, forming partnerships that lead to stronger communities.

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Mr. GIBBONS. Ann, it is always a pleasure to have you before the Committee. And everybody did very well in monitoring their time for opening statements. The process now is that we turn to the Committee members here to ask questions. We limit ourselves to 5 minutes just in order to give everybody else opportunity to question.

I will take my first shot at it because I think each of you has raised some very good points. One of the things that impresses me is the fact that there are opportunities. Each one of you has envisioned opportunities in post-mine, post-closure to have the community benefit from something that was developed, built, constructed,

created through the process of mining when the mining company came there and extracted the minerals, and the opportunity that that provides to a county.

For example, Mr. Jeffress from Pershing County in Nevada, a county that is 6,000 square miles, 1,000 miles larger than the State of Connecticut, how large is the Coeur d'Alene mine in that county? I mean, just in terms of relationship. We are a 6,000-square-mile county, how big is the mine footprint?

Mr. JEFFRESS. To put it in perspective, most of the infrastructure that you find in Pershing County follows the Interstate 80 corridor. And that to Pershing County is approximately 75 miles long. Along that course there is maybe a half a dozen, five other developments besides Lovelock and two other satellite populations that extend in valleys. So we have about eight developed areas within Pershing County. Coeur Rochester is the ninth. It's significant when we look at it in that context. It's about 13 miles off of Interstate 80. It's on a paved road. It's relatively accessible. And it has a host of opportunities that were outlined earlier.

So I guess to answer your question, Mr. Chairman, it is significant because it represents almost a tenth of the developed areas within Pershing County.

Mr. GIBBONS. In terms of relative size?

Mr. JEFFRESS. Size, it is, I believe, around 1,800 acres, 2,000 acres of developed site with roads, infrastructure, et cetera. So we're looking at three and a half square miles, something of that order. But as far as potential with ingressing powerlines, roads, et cetera, and associated opportunities within that, it's much larger.

Mr. GIBBONS. Ann, let me ask you a question. At the end of the mine closure and the process of looking at sustainable development within those areas for utilization by these communities, we are not talking about doing away with reclamation per se, I mean stopping that. All we are doing is talking about a common-sense approach, are we not? We would still be doing reclamation on some of the tailings files, still be doing reclamation where you can, where there is no need for keeping the infrastructure. Is that what we are talking about?

Ms. CARPENTER. Yes, oftentimes what you're looking at is the footprint of the infrastructures itself, like the road systems, potentially the major road systems, buildings, water wells, power plants, and the power lines. So you're looking at a small percentage of an overall impact area and the rest of the area that would not be host to new businesses would fall and would follow all the reclamation and closure requirements under the current reclamation and closure plans. So you're looking at a smaller footprint that would provide additional business opportunities, whereas the external zones would still fall under closure and reclamation requirements.

Mr. GIBBONS. So you still have obligations under the reclamation process, you are just taking a harder look at infrastructure that would remain that would be valuable for the community to take advantage of.

Ms. CARPENTER. Yes. The community or other businesses would come in and purchase those footprints or those facilities and then they would be required to reclaim them at the closure of their business opportunity. But the idea is to give these sites a second, third,

or fourth chance to continue to generate revenue while still respecting the reclamation and closure requirements at the time that they would actually pull up stakes.

Mr. GIBBONS. Mr. Arnold, let me ask you a question. You are involved with Coeur Rochester. Is this Coeur Rochester's belief, that through sustainable development it can be released from reclamation? Is this a concept that you guys are pushing? Or are you still committed to reclamation even if you do sustainable development?

Mr. ARNOLD. Well, we're committed to reclamation from an ethical standpoint, if not by law, but we are committed by law. We still complete NEPA. We will go through, and we're doing NEPA right now through an environmental impact statement for our closure. It's closure-focused. But even more and above that, you have the State of Nevada. And the State of Nevada doesn't care whether you're on Federal lands or on State lands, as long as you're within that boundary in Nevada you must do the reclamation that the State of Nevada requires.

I don't anticipate any of these things, whether we do wind farming or aggregate sales or any of that, really changing what the ultimate reclamation would end up being very much at all.

Mr. GIBBONS. How would you merge the reclamation with the phase-in of, say, a business within the reclamation? How do you do that? What process do you follow?

Mr. ARNOLD. That's not easy. That's difficult. In fact that's part of the reason why we were looking at trying to get this done as quickly as possible. We're within two years of being closed. What we're trying to do is pick up tenure of our investment and title to that land so that we can go through, and that will give us less than two years to do the design of this aggregate facility and wind farm or whatever else we do, construction, permitting of it, and we can start phasing people from the jobs that we currently have now, which is a nice silver mine, into these other facilities. If we handle that deftly and carefully, then we can do it and make it transition very smoothly. But what we're trying to do is think ahead right now so that we can keep from any hiccup happening in that transition.

Mr. GIBBONS. Mr. Harrington, how long has the Community Transition Advisory Committee been existence?

Mr. HARRINGTON. We started about in 2000.

Mr. GIBBONS. So it has been in for about five years?

Mr. HARRINGTON. That's correct.

Mr. GIBBONS. Did you work with the State legislature in Montana to change the State law in order for the Community Transition to create this process or to assist in this, to bring some measurable change to sustainability in that area?

Mr. HARRINGTON. Yes, sir, we did. In fact, my counterpart's actually a legislator from our district there, which encompasses our county. Our county actually has three mining operations. Three of our four largest taxpayers are mining entities. And to kind of respond to this Committee's discussion there about the infrastructure and post-closure mining activities that we could use, my counterpart, Scott Mendenhall, carried that bill. We were successful in getting that passed.

Mr. GIBBONS. For the audience, I think a lot of people don't understand what we are talking about, "infrastructure," out there. We are talking, you know, paved highways that go up to these mine sites that are in existence today. We are talking about transmission lines for power that go up to these sites today, so if you did end up taking advantage of, say, alternative energy sources up there, whether it is geothermal, whether it is wind, whether it is solar, you have an infrastructure, or transmission line, that connects back to the grid in existence today that would normally have to be removed under the reclamation process. Those are important assets, expensive assets to install, expensive assets to remove; buildings that could be used for businesses, I am sure, that were created and put in place by the mining companies as well.

I guess the end result is that we are rethinking the terminal end use of a mine throughout all of this. We are rethinking the fact that mining and historical perspective was the end terminal use of land. And today we are seeing now that, while we may extract the minerals, we now have a viable vision, option, whatever you want to think, about how we take not only care of addressing the disturbance we have there, but taking advantage of the infrastructure that was created so that we have a valuable resource that continues on beyond the mine life.

Most mines have 10, 20, maybe 40 years and then they are required to close because the minerals have been exhausted and people go look for other places. In some small counties, unlike the East Coast, Mr. Lee, I am sure in Pershing County that the Coeur Rochester mine is an enormous contributor to the tax base in a county that is 6,000 miles. It is number one. And so when that closes, the county, that has responsible for education of its students and—

What is the population of Pershing County today?

Mr. JEFFRESS. Pershing County is approximately 6,400. And a little over half of those people reside in Lovelock.

Mr. GIBBONS. So it has responsibility for police and fire protection, water and sewer systems, for health care, for school systems, or all of those. And the number one taxpayer in a 6,000-square-mile county, which is not predominantly owned by private property, it is 92 percent owned by the Federal Government. Who then becomes the number one replacement taxpayer for that county to provide these services has got to be the question. It is an issue that I think is predominant.

I mean, Mr. Lee, what would you think? How should Federal land policy be changed, in your view, so that we can access the infrastructure, access this, and have communities be able to offer an opportunity. Because right now, under Federal law, they cannot offer an opportunity to a business that may want to move there because the law doesn't permit that. The law actually requires, reclamation requires removal. How would you change? What would be your view on changing that law?

Mr. LEE. Well, it's very interesting. It is indeed a problem, particularly in these rural communities, which by the way send all our tax money in here so we don't need to have mines back here. We live off of your largess in these small counties and you have to eat all the costs of development, send all the profits, a lot of them, to

Government. In my analyzing the mining law—and I got some help from an economic geologist from the University of Texas. He was a State—looked over all the oil royalties. And the issue of the mining law, the royalties continue to come up. And in fact, if you add up State, local, and Federal taxes and benefits from mining, the Government gets approximately 40 percent of the activity, which is why many countries ask for exploration, because even if they don't find anything, they're 40 percent better off for all the money spent than they had before. It's not simply the royalty on the commodity mined. Now, very little of that goes back to these communities, you know, once the property is mined.

Getting back to your question—I'm digressing—you need a flexibility in the process. And that's what's come about in all the zoning for urban development. You're not going to resolve all these issues. There are a lot of people on all sides. But unless you have a flexible process—and you don't get that on Federal lands with Federal law. The law's passed here, it goes to OMB to get money, and it goes through Congress. And just by the sheer weight of the Federal law, you deny a flexibility to the land managers. And oddly enough, we pay billions to have lands managed in both the Federal Government, and I'm sure in Nevada they have zoning ordinances and land use planners at the local level. You've got to give them more authority to innovate and come up with ways to sustain development in these areas. It's just—and that's true out here in the suburban East, only they're more able to do it because they don't have some overriding mandate that they have to comply with.

Mr. GIBBONS. So would you support, for example, removing the patent moratorium so companies that go in, make huge substantial investment in this land during the process of the mine can then have some predictability, some forecastability about how they can address the future surface issues after the mine has closed?

Mr. LEE. Well, I worked for 10 years with John Livermore in Public Resource Associates, who you might know. He's in Reno.

Mr. GIBBONS. I do.

Mr. LEE. And I picked up some of his ideas. He's quite an authority on this. But the patenting process in the 1872 mining laws broke. And a lot of the problem comes back to the Ulysses S. Grant dollars-per-acre fee. And I worked at Interior in minerals when we'd get a notice down that says the constant danger of mineral exploration always exists. Because to many of the other uses on Federal land, if a guy can put a piece of private land in the middle of your wildlife refuge or whatever you're planning to do, it sort of upsets your idea of the way you want to go. But it's kind of an elusive argument because there really isn't that much hardrock mined. And I separate leasables and hardrock. Hardrock are the hard-to-find minerals. One in 500 is successful.

But getting back to the patent issue, you know, you really need to reform the mining law to have fair market value for the surface, I think. But you have to have the owner of the mine proceed with some kind of logical sustainable use. And the highest and best use of that property should be the goal of Government, not simply a mandated reclaim-it-at-any-cost. And the highest and best use can mean a lot of things. It depends on the topography, it depends on the geography of the town, it depends on—I mean, you know, I've

heard people say, well, you ought to be able to build a Wal-Mart. But if you only have a town of 2,000 people, you're not going to get a Wal-Mart there.

And that would be different than, for instance, the mine right out here five miles from where we sit in Washington, where you have a burgeoning demand. But even then, you have high vacancy rates and it may sit there for a long time. But they have a flexibility here in the East to accommodate subsequent land uses and they work with the private owner, because he owns from the sky above to the earth beneath in the fee simple title lands. Fortunately, a lot of the public lands, it didn't work that way even through the various patents as the Federal Government transferred that land to private ownership.

Mr. GIBBONS. But you foresee the ability to do something with the ownership of the land even though it is surrounded by additional, say, Forest Service land, to be able to protect the Forest Service land that is not impacted by the mine from any long-term sustainable utilization of that property?

Mr. LEE. Well, I guess I'm old enough and free enough to say that I would want to give the Forest Service, and BLM in the case, any multiple-use agency a mandate to work with the mineral user regardless of whether he has an unpatented or patented claim, fee title, a whole patented claim, placer claim—they're all over there. You would want to look at it as a larger land use project and mandate that Federal manager to come up with the highest and best use of that particular piece of property. And it may require some exchanges. That to me seems to be what we like to refer to as wise use of public land and private land.

Mr. GIBBONS. Mr. Arnold, what is the infrastructure at Coeur Rochester? What kind of infrastructure do you have there?

Mr. ARNOLD. It's extensive. A major mining operation is a major operation. We've got 13 miles, as Mr. Jeffress said, of paved road that heads up to the site. We have a 64 Kb powerline that runs there. We have synchronization control equipment to tie into that so that if we wanted to put in a wind farm, we can tie in. That takes pretty sophisticated equipment, because it's a very large mine and we run 85- and 150-ton trucks, we've got the buildings with the cranes for very heavy equipment that's there and available. Water. We've got wells. Septic and sewage facilities. It's a major city capable of supporting a lot of stuff.

Mr. GIBBONS. And all of that would have to be removed under the current reclamation program?

Mr. ARNOLD. Yes. Yes, it would.

Mr. GIBBONS. The Coeur Rochester mine, and I did talk to Mr. Jeffress a little bit about that, about 3 square miles? Is that what you have?

Mr. ARNOLD. Something like that.

Mr. GIBBONS. So in a county of 600,000, 3 square miles is 5/100ths of 1 percent of the county.

Mr. ARNOLD. I don't need to tell you how big Nevada is. Three miles sounds like a big area until you sit up there at Rochester and you look around and can see California 100 miles away. It's a pretty small speck in Pershing County.

Mr. GIBBONS. Well, it is significant, I would believe, to the people of Pershing County not only as a source of jobs today, but as a future opportunity for jobs after the mine is closed and some revenue source for a county that has an obligation and nowhere to have a property tax base that would help them adjust for the loss of that revenue, that tax revenue to that county. It's important.

Let's see what kind of questions we can come up with from the staff that will maybe stump you. That is what their job is today, I guess.

Let me go back to the same question I asked Mr. Lee, and I am going to ask Mr. Harrington: If the Federal Government or State Governments were to rethink their policies for mine closure, what recommendations would you have, from your experience?

Mr. HARRINGTON. Mr. Chairman, I think probably one of the things would be to look at the existing infrastructure and probably the continued use of that for economic development. You know, in our case, we actually had an outside engineering firm come in and take a look at the infrastructure that was there. When you say "infrastructure," that's a pretty broad term, you know. It's kind of a catchall. What this firm did for us is went in and actually looked at each part of the infrastructure and then took a look at potential reuses. What that does, it allows you to focus on follow-on businesses that might potentially use that, so you aren't just kind of shotgun blasting of, Yeah, we're going to reutilize this for economic development. It gets it out of that catchall phase. I think if you're talking Federal lands or State lands or private land, I think you need to go in and assess that and say is this really a viable project for follow-on reuse?

You know, you talk about wind farm renewable energy and you hear a lot about that, part of that process is to go in there and do an assessment of the site and ensure you've got a valid site. Now, as you look at wind energy maps and stuff, every site's going to be a good wind energy production location. In our case, we actually put an anemometer up there and did a little over a year's worth of study and data that validated that that was a potential wind energy site there, which allows you to proceed to the next level, where you're looking for potential investors and developers out there.

So I think you've got to be careful about just saying, yeah, we're going to use the infrastructure and go and do this economic development, without doing a full-blown assessment of if it's viable or not.

Mr. GIBBONS. So part of the NEPA process or, you're saying, the original process ought to be what should be the end state, what should be the end utilization of those resources that you are going to have to put in when you look at the NEPA process for mine closure?

Mr. HARRINGTON. Yes, sir. I think part of it also is when you're first looking at permitting a mine. If those kind of rules were in place, you might actually see mining organizations developing that infrastructure that would lead to follow-on closure. Right now, you're looking at a mine location going in there, they're looking at the ore, they put their facilities in there, not really thinking about

what's going on at post-mine closure, because right now they're looking at we've got to take the infrastructure out.

You turn that around and say part of the process is take a look at, initially going in, how you're going to develop this infrastructure and what it can be utilized for follow-on activities, I think you'll see a little different process in that.

Mr. GIBBONS. Mr. Arnold, how do you make available or gear up for a sustainable business when you are going through the process of closure right now with the current and existing regulations the way they are?

Mr. ARNOLD. Actually, we're gearing up right now. In fact, we've got a little business going on right now on reclaimed lands. We've gone through and we have planted some native species and we're harvesting the seeds, some of it extremely valuable seed. There's a penstemon seed that is highly regarded for reclamation, and we sell it to the other mines. The area was covered with PJ, pinion juniper. We've been able to go through and grow some very extensive grasses, so the area's better for grazing right now than it was before. If we can get through and gain tenure to the land, we'll start looking at wind farming then, at that point in time. It just takes careful planning to be able to do that.

If you plan and do it—there's nothing complex in the businesses themselves. Selling aggregate isn't a big deal. Putting in the wind farms isn't big. You just have to be able to plan it ahead of time.

Mr. GIBBONS. I would like to ask from each of our witnesses what has been their experience in dealing with BLM, Forest Service, or other agencies—Fish and Wildlife—with regard to a proposal for a sustainable development or a sustainable utilization of the resources after mine closure. What has been your experience?

I will start with Ann. Have you ever had any relationship or dealings with the Government on this issue?

Ms. CARPENTER. Yes, I have a couple of clients that are stuck in a process that doesn't appear to be moving forward in a very fluid fashion. The delays are—and the communities are basically the ones saying come on, get this pushed through, we want to see additional business development. And the process is slow and it's confounded, it's inconsistent, and the delays are actually potentially costing other potential businesses to come in, because they're going to go to where they can address their business potential in a more timely fashion. So—

Mr. GIBBONS. Has the Government told you why they are delayed, why they are dragging their feet on this?

Ms. CARPENTER. Well, no. No one ever wants to admit why they are sort of hiccupping. From my viewpoint, looking at how the process works, is that this is not a typical, this is not something they're used to doing. So when you step out of a sort of format that they're used to, then you get into more of a slowed-down process—"I'm not really sure how to value this," you know, "I'd better go about this very slowly." And the processes need to be modernized to meet today's growing communities' needs.

So I don't—for me, it's not anything that's sort of prescribed coming out of the Government, it's just they're outside of their comfort zone. So it's not an area that they're used to operating in.

Mr. GIBBONS. Mr. Lee, do you have any experiences?



Mr. LEE. Well, I think she said it very well. I go back to the passage of the Wilderness Act, which I came here afterwards, and the irony is you have a 1964 road pattern which set up the basis for zoning on public land. And I turn that around to having worked in these Eastern urban areas. Could the City of Tucson exist on a 1964 road pattern? Could they have foreseen the tremendous growth? My son lives in Tucson. And of course they couldn't. There has to be a flexibility in the system to allow for growth and change. And the idea I heard here sound great. I mean, wind is, if they've got enough elevation, it's an ideal project.

I one time almost got fired at Interior for suggesting that we put a historic mine frame on a property that was going to be withdrawn. And they just went ballistic because nobody ever does that. It's either all open or all closed. And of course the land was withdrawn anyway, and there's no mine there. I think we need to take a look at—you know, try to bring the Federal Government, which is so archaically drawn into "what we've always done," and work with the communities and, whether it's public, private land, come up with the best alternative.

But that's not the directive. If you're public land, you're public land, and it's sort of park land. And if you're private land, then you're a Wal-Mart. And, you know, the future demands more.

Mr. GIBBONS. Mr. Harrington?

Mr. HARRINGTON. Well, Mr. Chairman, I've had a little bit of experience with the Forest Service and the BLM and that. You know, what I see is you've got a lot of really good people out there working hard to do their job. My experience has been you've got a lot of bureaucratic layers in there, and the age we're in right now is an age of liability. So as you deal with regulations and rules, interpretation of that down at the lower levels, sometimes it gets a little fuzzy on there.

And I look at example we've got in our county of a small exploration company that's coming in and doing some drilling in there. And we haven't had much exploration going on in Montana in the last several years, for a variety of reasons. They want to do some winter drilling on there, and because of a concern that maybe there might be lynx—and this country has never had any lynx identified—they required this company just to stop drilling through the winter there. Again, this was interpretation at the lower levels of what that meant to potential lynx habitat. Obviously very frustrating for this small exploration company to go in there. They just put everything on hold for several months until the wintertime was over with.

I think a lot of that is probably the interpretation of making sure we have clear-cut rules and regulations. The one I've come in contact with with BLM here recently, they're redoing the resource management plan in our area. And you start seeing these terms, like "wildland-urban interface," and you ask what exactly is that? And you try to define that and you get a variety of different interpretations, depending on who you talk to. I think some of it needs to be more clear-cut guidance that comes from the top level down on what we're actually trying to accomplish.

Mr. GIBBONS. Some days it is frustrating for us to pass legislation, then to see the rules that implement the legislation created

by the bureaucracy, which has a completely defeating purpose or change to the intent of the legislation. Only you are on the other end of that. You are on the receiving end of the frustration because you have to work through that process. And if it is not clear, you are absolutely correct. It causes for different approaches, different end results through people's variable interpretations of how the regulations are enabling, or not enabling, the legislative intent. I understand that.

Mr. Arnold, have you had any experience dealing with the Government on this sustainable development? What has been that experience?

Mr. ARNOLD. In a prior life I lived in Winnemucca for 18 years, Winnemucca, Nevada, and I ran mines there. One of the mines I ran was the second-largest hardrock mine in the country. We were building a very large pit there, very large. It's going to backfill with water. It's going to be a nice lake, a really nice lake. It'll be the second-biggest manmade lake in Nevada. We know through modern geochemical techniques that the water quality in that lake is going to be exceptional. It's going to be a nice fishery, a nice facility.

In closure, because the BLM has been mandated to protect the public health and safety, we must block off all access to that, reclaim the roads that are access to that nice lake, put a fence around it so that the public cannot possibly get to it.

The head of environmental compliance for Winnemucca was my next-door neighbor. The past head of environmental compliance for Winnemucca lived on the other side of me. And if you got together with those guys over an adult beverage and said, you know, does this make any sense, they would always kind of smile and say, no, it doesn't. We really need to be taking advantage of this. We've got some nice facilities that you guys are putting together.

A mine attracts wildlife, contrary to what people think. At one point in time I had a bighorn sheep that actually came out and lived in our pit. And we had to call the local wildlife official, Jim Jeffress, and he came out and trapped the sheep and pulled it out of there for us. But these areas end up being very, very good areas for post-mining land use for hunters and fishermen, but we're being blocked off. The local guys didn't see any sense in it, but there's mandates that come from Washington that they're forced to enforce.

Mr. GIBBONS. Perhaps that comes from a view of trying to look at Winnemucca, Nevada, from Washington, D.C.

Mr. ARNOLD. Exactly.

Mr. GIBBONS. There is a lot you can't see from this far away, a lot you don't understand. And that is always the problem. We are finding a lot of misinterpretation. And I think that is, quite honestly in my opinion, what creates the friction between those people who are attempting to do something worthwhile, attempting to do the right thing, and the bureaucracy which says that it has to be done this way because we have no flexibility. Therefore the frictional rub between trying to do something which is creative, innovative, and in the best interest confronts directly with the opposition of having no flexibility, regulatory restrictions, and a lack of

understanding on behalf of those people making decisions from the other side of the coin as to what we are trying to accomplish here.

I think if we are going to have a viable mining industry in the future in this country, we need to have a working relationship both with the regulatory environment and the bureaucracy that regulates that, because there are some cases where there is abuse. But in some cases we need to have a working relationship that understands and works a little more flexibly with it. Because mining used to be the terminal end use of the land. And today we are finding out that mining is not the terminating end use of the property, but there are alternatives.

And this lake, for example, that you are talking about at Winnemucca, Mr. Arnold, is the very same concept of the lake that Mr. Lee talks about, or the part in Maryland where it has a garden effect because of the removal of the material out of a pit for a quarry. Or even in Sparks, Nevada, where we had a sand and gravel pit which is now a marina, and a very nice marina at that. The city has done a wonderful job at creating a true attraction for people that I find is remarkably creative by a community that had what was otherwise a huge gravel pit right in the middle of their city. And now they have turned that around and made it an attractive park-like setting with a lake that people have really come to enjoy.

I think we need to start looking at what can be the end use of these lands once mining has finished, and the investment that these companies have made should not be just summarily disregarded and requested to be removed, because there are valuable investments in this property, some of which can be creatively used for the future.

Anyway, actually, I am the only one here, as you can tell. And we have kept you here an hour and a half for this hearing. I think we have set a very clear record for why sustainable use of land after the closure of a mine is an entity which we need to focus on. We need to review the regulatory environment. And each one of you, with your presence here today and your testimony, has added immeasurably to our understanding of why we need to modernize some of the laws and regulations that we have with the mining industry today.

And as I said a minute ago, if we are to have a viable mining industry in the future, we have to deal with the post-effects of mining, like any other issue. If you cannot solve the post-effects of mining, mining will not ultimately be an acceptable use of our public lands. So by having an acceptable post-mining use of public land, we will have less resistance to mining in the future, we will have greater opportunities for the public to once again enjoy land. In fact, we can improve, I think, both the future of mining and the future of the post-reclamation utilization of the mining land. And to me, that is in the best interest of the public. It is in the best interest of the country to have a viable mining industry and a smart, sustainable end use of the infrastructure and the land after mining is completed.

So I want to thank each and every one of you for your contribution to this Committee's understanding to supporting our record of where we need to go with mining and to really giving out, I think,

a great deal of hope to an industry which is facing some rather difficult times for the future, of why they are moving out of this country because of the obstructionism of not only Government, but people who don't understand that we can have a viable end use for this mining land. And each one of you has added immeasurably to our understanding and to the knowledge base that this Committee is going to carry forward as it looks at how we do modernization of the mining law—how do we look at the NEPA process and end results. Because if we can improve what our mining industry has started, then I think we have improved the future of this country. We need a viable industry and we need to be able to supply the resources this country needs. And to me, this sustainable community post-mine closure is a win-win situation for everyone involved.

And certainly, I think there ought to be a great deal of excitement both from the business, both from the resources, both—I should say not just “both” because I am going to add a third—from the environmental standpoint to the process.

So with that long statement, I am going to again thank each and every one of you for your presence here today and for helping us, as I said, better understand this issue. And with that, this hearing is adjourned. Thank you very much.

[Whereupon, at 11:27 a.m., the Subcommittee was adjourned.]

